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No. _____

# In the Supreme Court of the United States

INTERNATIONAL GAME TECHNOLOGY
AND IGT,

*Petitioners,*

v.

ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED
AND ARISTOCRAT TECHNOLOGIES, INC.,

*Respondents.*

**On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit**

## PETITION FOR A WRIT OF CERTIORARI

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## QUESTION PRESENTED

35 U.S.C. §§ 371(d) and 133 provide that a patent application shall be regarded as abandoned for failure to comply with specified deadlines unless a showing is made that the delay was "unavoidable." Nevertheless, a Patent and Trademark Office regulation allows an applicant to revive such an abandoned application merely by asserting "unintentional" delay, a materially lower standard. On that basis, respondents' abandoned patent application was revived and their patent issued. Respondents subsequently sued petitioners for patent infringement. The district court granted summary judgment to petitioners on the ground that the patent was invalid for having been issued on an abandoned application and revived contrary to statute. The Federal Circuit reversed on the ground that revival of a patent contrary to the statutory standard is not an available invalidity defense. The question presented is as follows:

Whether a patent infringement defendant may assert a defense that the patent resulted from an abandoned application that was not revived under the statutory standard.

## RULE 14.1(b) STATEMENT

Petitioners (defendants-appellees below) are International Game Technology and IGT.

Respondents (plaintiffs-appellants below) are Aristocrat Technologies Australia Pty Limited and Aristocrat Technologies, Inc.

## RULE 29.6 STATEMENT

Petitioner IGT is a wholly owned subsidiary of petitioner International Game Technology.

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## PETITION FOR A WRIT OF CERTIORARI

Petitioners, International Game Technology and IGT (collectively "IGT"), respectfully petition for a writ of certiorari to review the judgment of the Federal Circuit in this case.

## OPINIONS BELOW

The opinion of the court of appeals (App., *infra*, 1a-15a) and the court's denial of rehearing en banc (App., *infra*, 58a-59a) are reported at 543 F.3d 657. The district court's judgment (App., *infra*, 16a-57a) is reported at 491 F. Supp. 2d 916.

## JURISDICTION

The judgment of the court of appeals was entered on September 22, 2008. Petitioners' timely petition for rehearing en banc was denied on November 17, 2008. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

## STATUTORY PROVISIONS INVOLVED

35 U.S.C. § 282 states in relevant part:

> The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:
>
> (1) Noninfringement, absence of liability for infringement or unenforceability,
>
> (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
>
> (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

35 U.S.C. § 371(d) states in relevant part:

The requirements with respect to the national fee * * * shall be complied with by the date of the commencement of the national stage or by such later time as may be fixed by the Director. * * * Failure to comply with these requirements shall be regarded as abandonment of the application by the parties thereof, unless it be shown to the satisfaction of the Director that such failure to comply was unavoidable.

35 U.S.C. § 133 states in full:

Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Director in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Director that such delay was unavoidable.

35 U.S.C. § 101 states in full:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

## STATEMENT

**Introduction**. This petition presents a pure question of law—whether the revival of an abandoned patent application that did not satisfy the statutory revival standard may be asserted as a defense to a claim of patent infringement. This is a critically important issue because the Federal Circuit's ruling that such a defense may not be asserted effectively abrogates mandates set forth in the Patent Act and authorizes the enforcement of invalid patents.

A patent application may be deemed abandoned on a variety of grounds. Specific provisions of the Patent Act address these various types of abandonment, and each provides a basis on which such an abandoned application may be revived. The two provisions at issue here, 35 U.S.C. §§ 371(d) and 133, authorize revival only if the abandonment resulted from the applicant's "unavoidable" delay, as does § 151. In contrast, other provisions authorize revival for mere "unintentional" delay (see § 122(b)(2)(B)(iii)) or under either standard (see § 111(a)(4)).

Section 371(d) states unequivocally that failure to timely pay the national stage fee "shall be regarded as abandonment of the application" unless the applicant shows that "such failure to comply was unavoidable." Section 133 similarly provides that "the application shall be regarded as abandoned" upon a failure to timely prosecute an application unless the applicant shows that "such delay was unavoidable."

Notwithstanding these statutory mandates, the Patent and Trademark Office ("PTO") has adopted a regulation that allows an applicant to revive *any*

abandoned application merely by asserting "unintentional" delay. 37 C.F.R. § 1.137 (authorizing revival of any abandoned application for either "unavoidable" or "unintentional" delay). On that basis, the PTO revived respondents' application based merely on their submission of a form petition with a preprinted statement that their delay was "unintentional." The PTO previously had deemed that application abandoned for failure to timely pay the fee required by § 371(d), and it remained abandoned under § 133 after respondents failed to timely respond to PTO notices. A patent eventually issued from respondents' application as U.S. Patent No. 7,056,215 ("the '215 patent").

Respondents subsequently sued IGT for patent infringement, asserting that slot machines manufactured by IGT infringed the '215 patent. The district court recognized that the PTO's revival of respondents' application violated the Patent Act provisions requiring a showing of unavoidable delay and therefore granted IGT's motion for summary judgment of invalidity. The Federal Circuit reversed without addressing whether the revival of respondents' application complied with the Patent Act. Instead, it held that, even if revival of the abandoned application did not comply with the Patent Act, such improper revival may *never* be asserted as an invalidity defense in a patent infringement action.

The Federal Circuit's ruling effectively abrogates the Patent Act's requirement that applicants show unavoidable delay before an application abandoned under §§ 371(d) or 133 may be revived. A patent infringement action provides the only practical opportunity to challenge the improper revival of an abandoned application. By precluding such a challenge,

the Federal Circuit has overriden express Congressional mandates and authorized the enforcement of patents that, pursuant to those mandates, never should have issued.

The harmful consequences of the ruling below cannot be overstated. It allows companies holding statutorily invalid patents to exercise the monopoly power conferred by patents to bar innovative competition. By permitting the enforcement of patents that fail to satisfy statutory requirements, the Federal Circuit's ruling upsets the careful balance struck by Congress that both rewards innovators and encourages innovative competition. In addition, the ruling below can only encourage noncompliance with Congressionally mandated statutory deadlines. Applicants will face no meaningful consequence if they disregard those deadlines, knowing both that they can revive abandoned applications merely by asserting that the delay was unintentional and that they can enforce the resulting patents without risk of facing an invalidity defense based on the improper revival. And competitors who monitor pending applications will not be able to rely on their abandonment, as they would if the statute's tough "unavoidable" standard were enforced, producing severe practical harm.

To restore the Congressional balance, and prevent abuse of the patent application system, this Court should grant the petition and reverse the Federal Circuit's ruling that improper revival of an abandoned patent application cannot be a defense to an infringement claim.

**Factual Background**. This case involves the validity of the '215 patent, as well as U.S. Patent No. 7,108,603 ("the '603 patent"), a continuation patent

claiming priority to the '215 patent application. Respondents filed a provisional patent application in Australia and, in July 1998, an international application under the Patent Cooperation Treaty ("PCT") claiming priority to the provisional application. The PCT application was published in January 1999. Pursuant to 35 U.S.C. § 371(d), respondents' deadline to enter the U.S. national stage and file the national stage fee was January 10, 2000. Respondents missed that deadline, and the PTO therefore notified them that the '215 application was abandoned. The PTO's abandonment notice set forth the procedure for filing a revival petition. Respondents instead filed a petition "To Correct 'Date-In,'" which the PTO denied, noting that the '215 application remained abandoned. See App., *infra*, 2a-3a.

Respondents failed to respond to the PTO's notice within six months as required by 35 U.S.C. § 133. After allowing more than a year to pass, respondents filed a petition to revive the abandoned '215 application that contained a pre-printed statement that the delay leading to the abandonment was "unintentional." C.A. App. 745. Although both §§ 371(d) and 133 bar revival of an abandoned application for mere unintentional delay, the PTO granted respondents' revival petition. The '215 patent issued in June 2006, and the continuation '603 patent issued in September 2006. App., *infra*, 3a.

**Proceedings Below**. Respondents sued IGT for infringing the '215 patent and the '603 continuation patent. IGT moved for summary judgment of patent invalidity on the ground that the abandoned '215 application had not been revived under the mandatory statutory standard.

The district court granted IGT's motion for summary judgment, finding that §§ 371(d) and 133 are "clear and unambiguous" in requiring a showing of "unavoidable" delay before an application abandoned under those provisions may be revived. App., *infra*, 34a. The court rejected respondents' contention that improper revival may not be asserted as a defense to an infringement claim, finding that 35 U.S.C. §§ 282(4) and 282(2) expressly authorize such a defense. *Id.* at 41a-45a.

The Federal Circuit reversed without reaching the question whether the '215 application was improperly revived. Instead, it held that failure to meet statutory requirements for revival of an abandoned patent application "may not be raised as a defense in an action involving the validity or infringement of a patent." App., *infra*, 5a.

The court of appeals rejected the district court's view that both § 282(2) and § 282(4) authorize such a defense. The court of appeals opined that § 282(2) does not apply because proper revival of an abandoned patent application is not a "condition for patentability" (App., *infra*, 6a-7a) and § 282(4) does not apply because improper revival of an abandoned patent application is not "made a defense" by the Patent Act but is instead a mere "procedural lapse" (*id.* at 8a-10a).

The Federal Circuit acknowledged that § 282 is not the sole source of invalidity defenses in the Patent Act and that such defenses are particularly appropriate where "failure to impose invalidity for violation of the statute would encourage noncompliance." App., *infra*, 12a-13a. But the court discerned "no legitimate incentive for a patent applicant to in-

tentionally abandon its application" or "to attempt to persuade the PTO to improperly revive it." *Id.* at 13a.

## REASONS FOR GRANTING THE PETITION

The Patent Act allows the revival of patent applications abandoned under §§ 371(d) and 133 only upon a showing of "unavoidable" delay. "Unavoidable" delay is a very difficult standard to satisfy because the delay must have occurred notwithstanding due care on the part of the applicant. *Ray* v. *Lehman*, 55 F.3d 606, 609 (Fed. Cir. 1995). The PTO's regulation relieves applicants of that required showing by allowing them to revive an abandoned application merely by asserting (without any showing) that the delay causing the abandonment was "unintentional," a far easier standard to meet because the applicant need not have exercised due care. By proscribing an invalidity defense based on improper revival, the Federal Circuit has rendered Congress's mandated showing of "unavoidability" meaningless. This Court should grant the petition to ensure that courts do not override statutory mandates, to confirm that statutorily invalid patents may not be enforced against alleged infringers, and to protect the Patent Act's goal of fostering innovation.

### I. The Ruling Below Conflicts With The Plain Text Of The Patent Act.

"Congress 'says in a statute what it means and means in a statute what it says there.'" *Hartford Underwriters Ins. Co.* v. *Union Planters Bank, N.A.*, 530 U.S. 1, 6 (2000). Sections 371(d) and 133 expressly require a showing of "unavoidable" delay to avoid abandonment of a patent application, and § 282 authorizes invalidity defenses that encompass revival of an abandoned application without meeting

the statutory standard. Although courts and agencies "must give effect to the unambiguously expressed intent of Congress" (*Board of Governors of Fed. Reserve Sys.* v. *Dimension Fin. Corp.*, 474 U.S. 361, 368 (1986)), the PTO says applicants need not show unavoidable delay to revive an abandoned application, and the Federal Circuit has ratified that departure from the statutory text by barring improper revival as an invalidity defense. This Court should grant the petition to ensure that the PTO and the courts give effect to these critical provisions of the Patent Act.

### A. Section 282(4) provides an invalidity defense based on improper revival of an abandoned application.

Section 282(4) is a catch-all provision that authorizes a defense to validity or infringement based on "[a]ny other fact or act made a defense by this title." 35 U.S.C. § 282(4). The Federal Circuit ruled that improper revival of an abandoned patent application is not "made a defense" by the Patent Act. App., *infra*, 9a. But as the district court ruled, respondents' failure to make a showing of unavoidable delay, as well as the PTO's revival of their abandoned application without requiring such a showing, are "facts or acts" that Congress made a defense within the meaning of § 282(4). *Id.* at 42a; accord *New York Univ.* v. *Autodesk, Inc.*, 466 F. Supp. 2d 563, 565 (S.D.N.Y. 2006) ("improper revival" is an available invalidity defense "covered by th[e] catch-all language" in § 282(4)).

Congress made improper revival of an abandoned application an invalidity defense by providing that an application failing to meet the deadlines in §§ 371(d) and 133 "shall" be deemed abandoned "unless" the applicant shows "unavoidable" delay.

Such use of the mandatory "shall" imposes "discretionless obligations." *Lopez* v. *Davis*, 531 U.S. 230, 241 (2001); accord *National Ass'n of Home Builders* v. *Defenders of Wildlife*, 127 S. Ct. 2518, 2531 (2007); *Lexecon Inc.* v. *Milberg Weiss Bershad Hynes & Lerach*, 523 U.S. 26, 35 (1998). Thus, Congress made absolutely clear that an assertion that the delay causing abandonment was merely unintentional would be insufficient to revive the application and pave the way to an enforceable patent.

Moreover, Congress expressly provided for revival based on mere "unintentional" (or for either "unavoidable" or "unintentional") delay in other provisions of the Patent Act governing different types of abandonments. *E.g.*, 35 U.S.C. § 122(b)(2)(B)(iii) ("unintentional"); *id.* § 111(a)(4) (either "unintentional" or "unavoidable"). By inscribing the "unavoidable" standard in some provisions and the "unintentional" standard in others, Congress plainly intended to make revival of some types of abandoned applications more difficult than revival of others. See *Barnhart* v. *Sigmon Coal Co.*, 534 U.S. 438, 452 (2002) ("when Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely"). Yet, according to the Federal Circuit, if the PTO disregards the revival standards inscribed in the Patent Act, unilaterally decides that revival under §§ 371(d) and 133 does *not* require a showing of "unavoidable" delay, revives an abandoned application under the far less stringent "unintentional" delay standard, and issues the patent, an accused infringer is helpless to challenge the validity of the patent. That cannot be what Congress intended by requiring applicants

missing statutory deadlines to show unavoidability to avoid abandonment under §§ 371(d) and 133.

Unless a patent infringement defendant may raise improper revival as an invalidity defense, the improper revival will go unchallenged and PTO revival decisions that blatantly violate the Patent Act will be effectively unreviewable. As the beneficiary of such a decision, the applicant certainly has no interest in challenging it, and third parties are unlikely even to know about it unless they engage in costly monitoring of all patent applications that might bear on their businesses. Moreover, a third party who did learn of such a decision would be unlikely to have standing to challenge it. See *Lujan* v. *Defenders of Wildlife*, 504 U.S. 555, 560-561 (1992) (no standing without threat of "imminent" injury); *Rainbow/PUSH Coalition* v. *FCC*, 330 F.3d 539, 544 (D.C. Cir. 2003) (no standing in administrative proceeding without threat of "concrete and particularized" injury). Only if a third party is sued by the patent holder will anyone have a feasible basis for challenging such a statutorily improper revival. The ruling below now proscribes any possibility of such a challenge, thereby giving the PTO *carte blanche* to revive abandoned applications notwithstanding Congressional requirements.

The Federal Circuit tried to justify its "no defense" ruling by deeming improper revival a mere "procedural lapse." App., *infra*, 10a-11a. But failure to comply with *statutory* mandates is not a *procedural* deviation from "the internal rules of patent examination," such as the examiner's failure to record a telephone call in *Magnivision, Inc.* v. *Bonneau Co.*, 115 F.3d 956, 960 (Fed. Cir. 1997). This Court has made clear that statutory deadlines are to be taken

seriously. In *Bowles* v. *Russell*, 127 S. Ct. 2360, 2366 (2007), the Court held that a notice of appeal filed just two days after the statutory deadline barred a *habeas* appeal, even though the petitioner filed the notice by the deadline established by the district court. The Court explained that courts must enforce "rigorous rules" unless Congress provides otherwise. *Id.* at 2367. The invalidation of a patent is certainly less draconian than refusing to allow a prisoner to argue for his freedom.

By requiring a showing of unavoidable delay to avoid abandonment under § 371(d) or § 133, Congress declared that revival under a lesser standard would render a subsequently issued patent invalid. Congress thereby made such improper revival an invalidity defense subject to § 282(4). This Court should grant the petition and reverse the Federal Circuit's ruling to the contrary, which would nullify the Congressional unavoidability mandate and allow the enforcement of statutorily invalid patents.

### B. Section 282(2) provides an invalidity defense based on improper revival of an abandoned application.

Section 282(2) of the Patent Act provides an additional basis for asserting improper revival as an invalidity defense. It authorizes a defense to infringement based on "[i]nvalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability." 35 U.S.C. § 282(2). Because § 133 is in part II of title 35 and conditions revival of an abandoned application on a showing of unavoidability, a revival without that showing is a defense under § 282(2).

The Federal Circuit disagreed, ruling that proper revival of an abandoned application is not a condition for patentability. App., *infra*, 7a. Instead, the court held that "utility and eligibility, novelty, and nonobviousness are the only so-called conditions for patentability." *Ibid.* The court relied on *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966). But while *Graham* states that novelty, utility, and nonobviousness are conditions for patentability, that does not mean they are the *only* such conditions. See *id.* at 12. Indeed, *Graham* does not mention "eligibility," which the court below also deemed a condition for patentability. See App., *infra*, 7a n.3. And the Federal Circuit has recognized still other conditions for patentability, recently stating for example that "[f]ees have been an accepted condition of patentability since the first patent statute was enacted in 1790." *Figueroa* v. *United States*, 466 F.3d 1023, 1031 (Fed. Cir. 2006).

Moreover, *Graham* makes clear that conditions for patentability are not limited to those designated as such by the Patent Act. The issue in *Graham* was whether Congress's 1952 enactment of § 103, which for the first time designated nonobviousness as a condition for patentability, established a new test for patentability or instead incorporated "traditional statutory and judicial tests." 383 U.S. at 3. The Court concluded that Congress "intended to codify judicial precedents embracing the principle long ago announced by this Court." *Id.* at 3-4. The Court explained that Congress intended "that the courts should develop additional conditions for patentability" because, "[a]lthough the Patent Act was amended, revised or codified some 50 times between 1790 and 1950, Congress steered clear of a statutory set of requirements other than the bare novelty and utility tests reformulated in Jefferson's draft of the

1793 Patent Act." *Id.* at 10. Based on *Graham*, then, conditions for patentability are not limited to those expressly so designated in the Patent Act.[1]

The Federal Circuit's view that proper revival of an abandoned application is not a condition for patentability is also contrary to the plain meaning of "condition." A "condition" is a "prerequisite" or "a state of affairs that must exist before something else is possible."[2] A prerequisite to issuing a valid patent is a non-abandoned application. See, *e.g.*, 35 U.S.C. § 101 (issuance of a patent is "subject to the conditions" of the Patent Act); *id.* § 151 (a patent "shall issue" unless the application was "abandoned" for failure to pay issue fee). Thus, if an applicant has abandoned its application, that application must be revived pursuant to the statutory standard before a valid patent may issue, making proper revival—and the statutorily required showing of unavoidable delay—a prerequisite and thus a condition for patentability. Although the Federal Circuit attempted to draw a distinction between conditions and requirements (App., *infra*, 7a), this Court used the terms "condition," "requirement," and "prerequisite" inter-

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[1] Indeed, whereas §§ 102 and 103 of the Patent Act are expressly entitled "Conditions for patentability," § 101 is not, and yet the court below found the "utility and eligibility" requirements of § 101 to be such conditions.

[2] See MERRIAM-WEBSTER'S ONLINE DICTIONARY, available at http://www.merriam-webster.com/dictionary/condition; COMPACT OXFORD ENGLISH DICTIONARY, available at http://www.askoxford.com/concise_oed/condition?view=uk; see *Perrin* v. *United States*, 444 U.S. 37, 42 (1979) ("unless otherwise defined, words will be interpreted as taking their ordinary, contemporary common meaning").

changeably in *Graham*, 383 U.S. at 17-18, to refer to the obviousness condition to patentability.

Further, § 131 of the Patent Act states that the PTO "shall issue a patent" only if "the applicant is entitled to a patent under the law." 35 U.S.C. § 131. The plain meaning of that provision is that lawful entitlement to a patent is a condition for patentability. An applicant who abandoned its application without reviving it under the statutorily mandated standard is not lawfully entitled to a patent, confirming that proper revival is a condition for patentability and thus an invalidity defense under § 282(2).

### C. Sections 371(d) and 133 provide an invalidity defense based on improper revival of an abandoned application.

The Federal Circuit failed to recognize that §§ 371(d) and 133 themselves provide an invalidity defense to an infringement claim by requiring a showing of unavoidable delay to avoid abandonment for failure to meet statutory deadlines.

The court below acknowledged that "section 282 is not the only source of defenses in the Patent Act." App., *infra*, 12a. As the Federal Circuit has previously recognized, "Section 282 does not state that the list of invalidity defenses contained therein are the only ones available," and "[t]he express words of section 282 therefore allow for the existence of other invalidity defenses." *Quantum Corp.* v. *Rodime, PLC*, 65 F.3d 1577, 1583-1584 (Fed. Cir. 1995) (holding that 35 U.S.C. § 305 is an invalidity defense although "section 282 does not specifically mention section 305 as an invalidity defense").

But the court of appeals ruled that another Patent Act provision can provide such a defense only if

failure to do so "would encourage noncompliance." App., *infra*, 13a. The court opined that barring invalidity defenses based on §§ 371(d) and 133 would not encourage noncompliance because abandoning the application by missing the specified deadlines would shorten the term of an issued patent. *Ibid.* The court failed to consider the numerous reasons why an applicant might intentionally abandon an application until it could be revived. An applicant might run into financial problems and decide to ignore the applicable deadlines and thereby abandon the application until its financial situation improves. Or an applicant might abandon an application in the belief that a patent is unnecessary, only to later discover that a competitor has a competing product. Or an applicant might file and abandon several applications with the expectation of reviving only those reading onto new competitive products. The court of appeals' refusal to allow an invalidity defense based on failure to revive an abandoned application under the statutory standard can only encourage such noncompliance.

The court below also ignored the burdens imposed on the public if there is no meaningful consequence for noncompliance with statutory deadlines. Delays, lack of applicant diligence, and looser revival standards than those set by Congress reduce the efficiency of the PTO's operations by increasing the workload of already overworked PTO examiners. And competitors who try to monitor published applications are inevitably prejudiced by a failure to enforce the statutory standard. Given the tough "unavoidable" delay standard in Section 371(d), for example, competitors may reasonably assume that a failure to timely pay the required fee has resulted in an abandoned application that is unlikely to be revived, allowing them to treat the subject matter as

fair game for use in a product under development. If subsequently sued for infringement, they would be severely prejudiced if barred from invoking improper revival as a defense.

Congress would not have mandated specific standards to avoid abandonment unless it intended that failure to comply with them could serve as an invalidity defense. The Federal Circuit should not be permitted to override Congress by nullifying that defense.

## II. The Ruling Below, Unless Reversed, Will Severely Undermine The Enforceability Of Other Important Patent Act Provisions.

A further reason to grant the petition and reverse the judgment below is that courts should not "interpret a statutory provision so as to render superfluous other provisions in the same enactment." *Circuit City Stores, Inc.* v. *Adams*, 532 U.S. 105, 113 (2001). As explained above, the ruling below nullifies §§ 371(d) and 133. The Federal Circuit's rationale for barring an improper revival defense will also nullify other important provisions of the Patent Act and thereby render them superfluous. For example:

- Section 41(b) provides that a patent "will expire" if the specified maintenance fee is not timely paid. 35 U.S.C. § 41(b). Under the Federal Circuit's analysis, paying a maintenance fee is neither a "condition for patentability" nor "made a defense" by Congress. Hence, expiration of the patent will not be an available defense in an infringement suit.
- Section 111 states that, absent a timely request to treat a provisional application as

an application, the provisional application "shall be regarded as abandoned" and "shall not be subject to revival." 35 U.S.C. § 111(b)(5). Yet, under the court of appeals' analysis, a patent that mistakenly issues from such an abandoned provisional application may be enforced against an alleged infringer.

- Under Section 122, failure to notify the PTO of a foreign filing results in abandonment even if the PTO does not learn of the foreign filing. "As a result, if applicant failed to file a notice of foreign filing when it was required, prosecution of the application will continue and the application may issue as a patent, even though the application has become abandoned by operation of the statute." MANUAL OF PATENT EXAMINING PROCEDURE § 1124 (last paragraph) (8th ed. rev. July 2008). Yet, under the panel's analysis, such a mistakenly issued patent will be enforceable against an alleged infringer.

- The viability of other recognized invalidity defenses will be undermined. For example, the judicially created non-statutory defense of double patenting would not be a proper invalidity defense under the panel's analysis. See *Symbol Techs., Inc.* v. *Opticon, Inc.*, 935 F.2d 1569, 1580 (Fed. Cir. 1991).

## III. The Ruling Below Conflicts With The Central Purpose Of The Patent Laws.

This Court has repeatedly explained the central purpose of the patent laws. "[T]he patent system

represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time." *Pfaff* v. *Wells Elec., Inc.*, 525 U.S. 55, 63 (1998). A patent "is an exception to the general rule against monopolies and to the right to access to a free and open market." *Blonder-Tongue Lab.* v. *University of Ill. Found.*, 402 U.S. 313, 343 (1971). Congress has sought to strike a "balance between the interest in motivating innovation and enlightenment by rewarding invention with patent protection on the one hand, and the interest in avoiding monopolies that unnecessarily stifle competition on the other." *Pfaff*, 525 U.S. at 63. The Federal Circuit's ruling in this case upsets that balance by allowing the holder of a statutorily invalid patent to exercise a monopoly and deter innovative competition.

As explained above, a valid patent cannot lawfully issue from an abandoned application that was not properly revived. Yet, the ruling below allows the holder of such a patent to sue alleged infringers without any risk of facing an improper revival defense, even though it is well settled that a defendant may raise "the issue of validity [in] an infringement suit." *Altvater* v. *Freeman*, 319 U.S. 359, 363 (1943). Removing that possibility raises the costs of competitive innovation because it makes a successful infringement suit more likely. The Federal Circuit's ruling will thereby discourage the creation of "new designs and technologies" that is "the ultimate goal of the patent system." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989).

The ruling below undermines the patent law goal of achieving "efficient investment" in "innovations,

creations, and new ideas beyond the inventor's exclusive rights." *Festo Corp.* v. *Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-731 (2002). Such investment requires the assurance that invalid patent rights will not be enforceable. See *Blonder-Tongue*, 402 U.S. at 331 n.21 (a "bad" patent must be "definitively stricken"); 6 CHISUM ON PATENTS § 19.01 (2008) (an invalid patent "takes a toll through monopoly profits, reduced utilization, and higher prices"). If a patentee cannot rely on matter surrendered through a narrowing claim amendment during prosecution (see *Festo*, 535 U.S. at 733-734), *a fortiori* it cannot enforce a patent based on an application that was abandoned altogether during prosecution.

The Federal Circuit's ruling overrides Congressional policy by making it far easier to revive applications abandoned under §§ 371(d) and 133 than Congress permitted. Whether such easy revival would be a better policy choice is not for the PTO or the courts to decide. Sections 371(d) and 133 express Congress's policy choices, and "[t]he responsibility for changing them rests with Congress." *Festo*, 535 U.S. at 739. Moreover, Congress's imposition of a tough standard on applicants wishing to revive applications abandoned under §§ 371(d) and 133 represents a reasonable policy choice, given the surfeit of applications flooding the PTO. In *Graham*, 383 U.S. at 18, the Court found the backlog of patent applications decades ago to be "itself a compelling reason for the Commissioner to strictly adhere" to the patent statute. That backlog is far greater today. The PTO now has a "750,000-application backlog awaiting a first action that continues to worsen."[3] Congress's deci-

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[3] U.S. Chamber of Commerce, *Recommendations for Consideration by the Incoming Administration Regarding the U.S. Patent*

sion to limit the ability to revive applications abandoned due to applicant delay simply makes sense given this backlog.

This Court should grant the petition to ensure that patent monopolies are based solely on valid patents.

## CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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FEBRUARY 2009

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*and Trademark Office* 3 (2008), available at http://www.theglobalipcenter.com/gipc/default.

# APPENDIX

# APPENDIX A

## UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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**2008-1016**

Aristocrat Technologies Australia PTY Limited and Aristocrat Technologies, Inc.,
*Plaintiffs-Appellants*,

v.

International Game Technology and IGT,
*Defendants-Appellees.*

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Appeal from the United States District Court for the Northern District of California in case no. 06-CV-3717, *Judge* Martin Jenkins.

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DECIDED: September 22, 2008

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Before NEWMAN, BRYSON, and LINN, *Circuit Judges.*

LINN, Circuit Judge.

The district court concluded that the U.S. Patent and Trademark Office "improperly revived" U.S. Patent No. 7,056,215 after it was abandoned during prosecution, and therefore held it (and the continuation patent that followed it) invalid on summary judgment. We conclude that "improper revival" is not a cognizable defense in an action involving the validity or infringement of a patent. Thus, we reverse the district court's grant of summary judgment

and remand for proceedings consistent with this opinion.

## I. BACKGROUND

Aristocrat Technologies Australia Pty, Ltd. and Aristocrat Technologies, Inc. (collectively, "Aristocrat") compete with International Game Technology and IGT (collectively, "IGT") in the market for electronic gaming machines. Aristocrat is the assignee of U.S. Patent Nos. 7,056,215 ("the '215 patent") and 7,108,603 ("the '603 patent"), both of which relate to a "slot machine game and system with improved jackpot feature." Prosecution of these patents began in Australia, when, starting on July 8, 1997, Aristocrat filed two provisional patent applications directed to the inventions embodied in the patents-in-suit. One year later, Aristocrat filed a Patent Cooperation Treaty application ("the PCT application") in Australia, claiming priority to the previously filed provisional applications. The PCT application was subsequently published. Pursuant to 35 U.S.C. § 371 and 37 C.F.R. § 1.495, Aristocrat was required to pay the fee for the U.S. national stage of the PCT application by January 10, 2000—thirty months after the filing date of the first Australian provisional application.

The U.S. Patent and Trademark Office ("PTO") did not receive Aristocrat's national filing fee until January 11, 2000—one day late. The PTO consequently mailed a notice of abandonment to Aristocrat, which stated, among other things, that Aristocrat "may wish to consider filing a petition to the Commissioner under 37 CFR 1.137(a) or (b) requesting that the application be revived." J.A. at 642. In lieu of filing a petition to revive the abandoned application, Aristocrat responded by filing a Petition to Correct the Date-In—that is, to correct the date on

which the PTO received its national filing fee. The PTO denied the petition without prejudice, after Aristocrat failed to provide sufficient evidence to corroborate the date the filing fee was mailed. It is unclear when Aristocrat received the PTO's denial,[1] but it later filed a petition to revive the '215 patent application under 37 C.F.R. § 1.137(b), claiming that the delay in paying the national stage filing fee was "unintentional." *Id.* at 660-61. The PTO granted the petition to revive on September 3, 2002, after concluding that "[a]ll of the requirements of 37 CFR 1.137(b) ha[d] been met." *Id.* at 687. Following the PTO's revival, Aristocrat resumed prosecution of the '215 patent application, and later filed the '603 patent application as a continuation of the '215 patent application. The '215 patent issued on June 6, 2006, and the '603 patent issued on September 19, 2006.

In June 2006, Aristocrat filed suit against IGT for infringement of the '215 patent in the United States District Court for the Northern District of California. Aristocrat amended its complaint to assert infringement of the '603 patent when that patent issued. IGT answered and subsequently moved for summary judgment of invalidity. It argued that the '215 patent was invalid because, after it was abandoned, Aristocrat was required to show that its delay was "unavoidable" in order to revive the application, not merely that its delay was "unintentional." Thus, according to IGT, the PTO "improperly revived" the '215 patent application by requiring Aristocrat only to show "unintentional delay." IGT also

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[1] The parties dispute when Aristocrat received notice of the denial. Because this dispute is unimportant to our analysis, we do not discuss it further here.

argued that the '603 patent was invalid, contending that since the '215 patent application was not lawfully revived, it constituted prior art to, and thus anticipated, the '603 patent under 35 U.S.C. § 102(b).

The district court granted IGT's motion. It first concluded that the Patent Act permitted revival of an abandoned patent application only upon a showing of "unavoidable delay." *Aristocrat Techs. Austl. Pty, Ltd. v. Int'l Game Tech.*, 491 F. Supp. 2d 916, 924-29 (N.D. Cal. 2008). Next, the district court found that IGT was permitted, pursuant to 35 U.S.C. § 282, to raise the PTO's alleged improper revival as a defense to infringement. *Id.* at 929-31. The district court also concluded, alternatively, that it possessed authority to review the PTO's revival of the '215 patent application under the Administrative Procedure Act, 5 U.S.C. § 701 *et seq.* ("APA"). *Id.* at 931-32. After concluding that Aristocrat abandoned the '215 patent application and failed to meet the more exacting "unavoidable delay" standard when attempting to revive it, the district court deemed the '215 patent invalid. *Id.* at 932-35. Finally, the district court also deemed the '603 patent invalid, under the rationale that if the '215 patent application was not properly revived, then it constituted invalidating prior art under 35 U.S.C. § 102(b). *Id.* at 935-36. Following its grant of summary judgment, the district court entered final judgment in favor of IGT. *Aristocrat Techs. Austl. Pty, Ltd. v. Intl Game Tech.*, No. 06-CV-3717 (N.D. Cal. Sept. 4, 2007).

Aristocrat timely appealed. We have jurisdiction pursuant to 28 U.S.C.§ 1295(a)(1).

## II. DISCUSSION

### A. Standard of Review

Statutory interpretation is a question of law, which we review de novo. *Imazio Nursery, Inc. v. Dania Greenhouses*, 69 F.3d 1560, 1564 (Fed. Cir. 1995). We also review a grant of summary judgment de novo, reapplying the standard that the district court employed. *Rodime PLC v. Seagate Tech., Inc.*, 174 F.3d 1294, 1301 (Fed. Cir. 1999). Drawing all reasonable inferences in favor of the nonmovant, "[s]ummary judgment is appropriate only when 'there is no genuine issue as to any material fact and . . . the moving party is entitled to a judgment as a matter of law.'" *Id.* (quoting Fed. R. Civ. P. 56(c)).

### B. Analysis

#### *1. The '215 Patent*

The threshold issue in this appeal is whether "improper revival" may be raised as an invalidity defense in an action involving the infringement or validity of a patent. The district court, relying on 35 U.S.C. §§ 282(2) and (4), decided that question affirmatively. The district court also found that the APA provided a separate basis upon which to review the PTO's revival of the '215 patent. We conclude that "improper revival" may not be raised as a defense in an action involving the validity or infringement of a patent.[2]

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[2] Because it is on this basis that we decide the appeal, we do not reach the parties' alternative arguments, including those relating to whether the Patent Act permits revival for "unintentional"—as opposed to "unavoidable"—delay.

Section 282 of title 35 provides a catalog of defenses available in an action involving the validity or infringement of a patent:

> (1) Noninfringement, absence of liability for infringement or unenforceability,
>
> (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
>
> (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,
>
> (4) Any other fact or act made a defense by this title.

The first and third enumerated categories are not asserted by IGT as bases for its invalidity defense. At issue are the second and fourth. We discuss each in turn.

Section 282(2) authorizes an invalidity defense based "on any ground specified in part II of this title as a condition for patentability." A defense falling under this section thus has two prerequisites: it must fall within part II of title 35 and it must be a "condition for patentability." The district court determined that "[b]ecause Section 133's six-month deadline for prosecuting an application is specified within part II of Title 35, it necessarily provides an available defense where a patentee has abandoned, and failed to lawfully revive, a patent application." *Aristocrat*, 491 F. Supp. 2d at 930. What the district court failed to address, however, is whether the proper revival of an abandoned application is a "condition for patentability."

It has long been understood that the Patent Act sets out the conditions for patentability in three sections: sections 101, 102, and 103. *See Graham v. John Deere*, 383 U.S. 1, 12 (1966) ("The [1952 Patent] Act sets out the conditions of patentability in three sections. An analysis of the structure of these three sections indicates that patentability is dependent upon three explicit conditions: novelty and utility as articulated and defined in § 101 and § 102, and nonobviousness, the new statutory formulation, as set out in § 103."). These conditions are included in Chapter 10 of the Patent Act, entitled "Patentability of Inventions," and the titles of the sections themselves make clear that they relate to fundamental preconditions for obtaining a patent. Section 101, relating to utility and patent eligibility,[3] is entitled "Inventions Patentable." Likewise, sections 102 and 103, relating to novelty and nonobviouness, respectively, are explicitly "[c]onditions for patentability."

While there are most certainly other factors that bear on the validity or the enforceability of a patent, utility and eligibility, novelty, and nonobviousness are the only so-called conditions for patentability. For example, section 112 unquestionably provides certain additional requirements for a patent to be valid, one of which, for instance, is that the patented invention be enabled by the specification. 35 U.S.C. § 112, ¶ 1. But the requirements in section 112 are not conditions for patentability; they are merely re-

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[3] Although the Supreme Court in *Graham* referred only to the utility requirement aspect of section 101, as we often do, it is beyond question that section 101's other requirement, that the invention be directed to patentable subject matter, is also a condition for patentability.

quirements for obtaining a valid patent. Indeed, section 282 itself draws a distinction between invalidity based "on any ground specified in part II of this title as a condition for patentability," 35 U.S.C. § 282(2), and invalidity "for failure to comply with any requirement of sections 112 or 251," 35 U.S.C. § 282(3). *See Sextant Avionique, S.A. v. Analog Devices, Inc.*, 172 F.3d 817, 829 (Fed. Cir. 1999). Section 282(3), relating to invalidity under section 112, would be redundant if the requirements in section 112 were conditions for patentability because, if so, that defense would fall within the boundaries of section 282(2). Section 282(2), by virtue of its applicability to "condition[s] for patentability," relates only to defenses of invalidity for lack of utility and eligibility, novelty, and nonobviousness, and does not encompass a defense based upon the alleged improper revival of a patent application.

The district court also found that improper revival was an available defense under section 282(4), the catch-all provision of section 282, which provides a defense for "[a]ny other fact or act made a defense by" title 35. After reciting this statutory language, the district court concluded, "A fortiori, Section 282(4) must therefore incorporate Section 133 and 371(d)." *Aristocrat*, 491 F. Supp. 2d at 929-30. The error in the district court's analysis, however, is that it pretermits the fundamental requirement of the subsection—namely, that the act or fact is "made" a defense by the title. This is not a trivial detail—if omitted, any provision in title 35 would provide a defense under section 282(4), and there would thus be no reason for the inclusion of sections 282(1) through (3). If, as IGT suggests, Congress truly intended to permit any provision of title 35 to constitute a defense in an action involving the validity or infringe-

ment of a patent, it could have simply said, in one paragraph rather than four, that a defense lies in "any section of this title." Consistent with our obligation to give meaning to all of the words in the statute, *see Duncan v. Walker*, 533 U.S. 167, 174 (2001) ("It is our duty to give effect, if possible, to every clause and word of a statute. We are thus reluctant to treat statutory terms as surplusage in any setting." (internal quotation marks and citations omitted)), we decline to read the statute in this manner and therefore require that the asserted defense actually be "made a defense."

The salient question, then, is whether improper revival is "made a defense" by title 35. We think that it is not. Congress made it clear in various provisions of the statute when it intended to create a defense of invalidity or noninfringement, but indicated no such intention in the statutes pertaining to revival of abandoned applications. For example, 35 U.S.C. § 273 is entitled "Defense to infringement based on earliest inventor" and expressly provides that the provision "shall be a defense to an action for infringement." Similarly, 35 U.S.C. § 185 states that a patent issued to a person who has violated the secrecy provisions of section 184 "shall be invalid," except under certain circumstances. Section 272 of title 35 provides that the temporary presence of a patented invention in the United States, if used exclusively for the needs of a vessel, aircraft, or vehicle, "shall not constitute infringement." The list goes on. What is important to note is simply that sections 133 and 371, relied upon by IGT, provide none of the signals that Congress has given in other circumstances to indicate that these sections provide a defense to an accused infringer. Rather, these provisions merely spell out under what circumstances a patent

application is deemed abandoned during prosecution and under what circumstances it may be revived. *See* 35 U.S.C. § 133 ("Upon failure of the applicant to prosecute the application within six months . . . , the application shall be regarded as abandoned . . . ."); *id.* § 371 ("Failure to comply with these requirements shall be regarded as abandonment of the application . . . ."). Because the proper revival of an abandoned application is neither a fact or act made a defense by title 35 nor a ground specified in part II of title 35 as a condition for patentability, we hold that improper revival may not be asserted as a defense in an action involving the validity or infringement of a patent.

Our conclusion that improper revival is not a defense comports with the approach we took in *Magnivision, Inc. v. Bonneau Co.*, 115 F.3d 956 (Fed. Cir. 1997), which we continue to believe is a sound one. In that case, we concluded that "[p]rocedural lapses during examination, should they occur, do not provide grounds of invalidity. Absent proof of inequitable conduct, the examiner's or the applicant's absolute compliance with the internal rules of patent examination becomes irrelevant after the patent has issued." *Id.* at 960; *see also id.* ("Imperfection in patent examination, whether by the examiner or the applicant, does not create a new defense called 'prosecution irregularities' and does not displace the experience-based criteria of *Kingsdown[ Medical Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867 (Fed. Cir. 1988)]."). There is good reason not to permit procedural irregularities[4] during prosecution, such

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[4] We take this opportunity to point out that "prosecution irregularities" is distinct from "prosecution laches." Prosecution laches stems not from any procedural lapse or irregularity during prosecution, but rather from an abuse of statutory provi

as the one at issue here, to provide a basis for invalidity. Once a patent has issued, the procedural minutiae of prosecution have little relevance to the metes and bounds of the patentee's right to exclude. If any prosecution irregularity or procedural lapse, however minor, became grist for a later assertion of invalidity, accused infringers would inundate the courts with arguments relating to every minor transgression they could comb from the file wrapper. This deluge would only detract focus from the important legal issues to be resolved—primarily, infringement and invalidity. We wish to stress, however, as we did in *Magnivision*, that where the procedural irregularity involves an "affirmative misrepresentation of a material fact, failure to disclose material information, or submission of false material information, coupled with an intent to deceive," it may rise to the level of inequitable conduct, and is redressible under that framework. *See Innogenetics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1378 (Fed. Cir. 2008) (citations omitted); *cf. Ferguson Beauregard/Logic Controls v. Mega Sys., LLC*, 350 F.3d 1327, 1343-44 (Fed. Cir. 2003) (holding that accused infringer did not state valid claim for relief for "improper revival" following non-payment of maintenance fee where it failed to plead inequitable conduct).

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sions that results, as a matter of equity, in "an unreasonable and unexplained delay in prosecution." *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found.*, 422 F.3d 1378, 1385 (Fed. Cir. 2005). Moreover, the legislative history of 35 U.S.C. § 282 suggests that it was intended to incorporate preexisting equitable defenses, including prosecution laches. *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found.*, 277 F.3d 1361, 1366 (Fed. Cir. 2002).

We acknowledge that section 282 is not the only source of defenses in the Patent Act. *See Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577, 1584 (Fed. Cir. 1995) ("Section 282 does not state that the list of invalidity defenses contained therein are the only ones available; the statute merely says '[t]he following shall be defenses.' The express words of section 282 therefore allow for the existence of other invalidity defenses."). To be sure, we have held, on occasion, that a provision of the Patent Act not falling within the literal scope of section 282 may nevertheless provide a defense of noninfringement or invalidity. In *Quantum*, for example, we held that a patentee who improperly enlarged the scope of its claims during reexamination, in violation of 35 U.S.C. § 305, subjected itself to a defense of invalidity, because any other result would "render[] the prohibition [against broadening claims] in section 305 meaningless." *Id.* We explained:

> If the only penalty for violating section 305 is a remand to the PTO to have the reexamined claims narrowed to be commensurate in scope with what the applicant was only entitled to in the first place, then applicants will have an incentive to attempt to broaden their claims during reexamination, and, if successful, be able to enforce these broadened claims against their competitors . . . . The likelihood that improperly broadened claims will be held invalid will discourage applicants from attempting to broaden their claims during reexamination.

*Id.* (internal citations omitted).[5]

The analysis and result in *Quantum* are inapposite to this appeal. Even if we assume that the Patent Act permits revival of an application only upon a showing of unavoidable delay, a question that we expressly decline to reach in this appeal, none of the considerations that led us to the rule enunciated in *Quantum* compels a similar result here. A primary concern in *Quantum* was that failure to impose invalidity for violation of the statute would encourage noncompliance. That concern is simply not present here, as we discern no legitimate incentive for a patent applicant to intentionally abandon its application, much less to attempt to persuade the PTO to improperly revive it. Because patents filed after enactment of the Uruguay Round Agreements Act, like the patents at issue here, generally have a term that runs twenty years from the filing date (instead of seventeen years from issue), *cf. Merck & Co. v. Hi-Tech Pharmacal Co.*, 482 F.3d 1317, 1319 (Fed. Cir. 2007), abandoning the application would only serve to shorten the applicant's right to exclude.

We have considered IGT's arguments attempting to bolster the district court's decision under the APA, but find them unpersuasive. Under the circumstances of this case, the APA provides no relief to IGT.

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[5] We also point out that since section 282(3) provides an invalidity defense for failure to comply with section 251, which in turn prohibits the broadening of claims in *reissue* applications after two years, 35 U.S.C. § 251 ¶ 4, the result in *Quantum* mirrors the statutory framework set out for the analogous reissue context. *Cf. Quantum*, 65 F.3d at 1583.

*2. The '603 Patent*

The district court's conclusion with respect to the '215 patent ordained the fate of the '603 patent. Once it was determined that the '215 patent application was improperly revived, the '603 patent application, which was filed as a continuation application of the '215 patent application, was no longer able to claim priority to that application's effective filing date. As a result, the '215 patent application became prior art to the '603 patent. On this basis, the district court granted summary judgment that "the '603 Patent is necessarily invalid [under 35 U.S.C. § 102(b)] because it was described in the published '215 PCT Application more than one year prior to its date of application." *Aristocrat*, 491 F. Supp. 2d at 936. Aristocrat argues that if the '215 patent application was properly revived, then the '603 patent retains priority to the '215 patent application's effective filing date, and therefore the '215 patent application is not prior art to the '603 patent. Thus, Aristocrat contends that if we reverse the district court's grant of summary judgment on the '215 patent, the district court's grant of summary judgment with respect to the '603 patent must also be reversed. IGT concedes the point, Appellees' Br. at 60 ("[I]t is undisputed that the validity of the '603 patent rests on the validity of the '215 patent . . . ."), and we agree. Because we have concluded that "improper revival" is not a cognizable defense and have reversed the district court's summary judgment in that regard, we also reverse the district court's grant of summary judgment of anticipation with regard to the '603 patent.

## III. CONCLUSION

For the reasons discussed above, we reverse the district court's grant of summary judgment and remand for proceedings consistent with this opinion.

## APPENDIX B

## IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

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**No. C06-3717 MJJ**

Aristocrat Technologies, Australia PTY limited and Aristocrat Technologies, Inc., *Plaintiffs*,

v.

International Game Technology and IGT, *Defendant*.

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Order Granting Defendants' Motion for Summary Judgment of Invalidity on Grounds that the '215 Application was Abandoned under 35 U.S.C. § 371 and § 133.

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[Filed June 13, 2007]

### I. INTRODUCTION

Before the Court is Defendants International Game Technology and IGT's (collectively, "Defendants") Motion for Summary Judgment of Invalidity on Grounds that the '215 Patent Was Abandoned Under 35 U.S.C. § 371 and § 133.[1] Plaintiffs Aristocrat Technologies Australia Pty Limited ("ATA") and Aristocrat Technologies, Inc. ("ATI") (collectively "Plaintiffs" or "Aristocrat") oppose the motion. For

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[1] Docket No. 166.

the following reasons, the Court **GRANTS** Defendants' Motion for Summary Judgment.

## II. FACTUAL BACKGROUND

This action presents a patent infringement dispute pertaining to certain technology related to electronic gaming machines. Unless otherwise noted, for purposes of the pending motion, the Court finds the following facts to be undisputed.

### A. The Parties

Plaintiff ATA is an Australian company with its principal place of business in Australia. (First Amended Complaint ("FAC") ¶ 1; Def.'s Ans. ¶ 1.) ATA provides a range of gaming solutions such as software, systems, and hardware, including electronic gaming machines. (FAC ¶ 1.) Plaintiff ATI is a Nevada corporation with its principal place of business in Las Vegas, Nevada. (FAC ¶ 2; Def.'s Ans. ¶ 1.) ATI develops and distributes ATA products. (FAC ¶ 2.)

Defendants International Game Technology and IGT are Nevada corporations with their principal places of business in Reno, Nevada. (FAC ¶¶ 3-4; Def.'s Ans. ¶¶ 3-4.) IGT designs and manufactures electronic gaming machines for sale in the United States, including the State of California. (Def.'s Ans. ¶ 5.) The parties are in dispute as to the particular type of business conducted by International Game Technology. (FAC ¶ 5; Def.'s Ans. ¶ 5.)

### B. The Operative Claims and Counterclaims

On December 15, 2006, Plaintiffs filed their First Amended Complaint alleging two claims: (1) Infringement of U.S. Patent No. 7,056,215 B1 ("the '215

Patent"); and (2) Infringement of U.S. Patent No. 7,108,603 B2 ("the '603 Patent").[2] On January 2, 2007, Defendants filed their responsive pleading consisting of an answer, a list of affirmative defenses, and six counterclaims: (1) Declaration of Non-Infringement as to the '215 Patent; (2) Declaration of Patent Invalidity as to the '215 Patent; (3) Declaration of Patent Unenforceability as to the '215 Patent; (4) Declaration of Non-Infringement as to the '603 Patent; (5) Declaration of Patent Invalidity as to the '603 Patent; and (6) Declaration of Patent Unenforceability as to the '603 Patent.[3]

### C. The File History

On July 8, 1997 and September 9, 1997, Plaintiffs filed in Australia provisional patent applications PO 7780 and PO 9090, respectively. (Joint Statement of Undisputed Fact ("JS") at ¶¶ 1-2.) One year later, on July 8, 1998, Plaintiffs filed in Australia, under the Patent Cooperation Treaty ("PCT")[4], an international application ("PCT Application") claiming priority to the above-referenced provisional applications. (*Id.* at ¶¶ 3-4.)[5] As more fully described be-

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[2]Docket No. 76.

[3]Docket No. 79.

[4]The Patent Cooperation Treaty is an international patent law treaty, concluded in 1970, amended in 1979, and modified in 1984 and 2001. It provides a unified procedure for filing patent applications to protect inventions in each of its Contracting States.

[5]An international PCT application can fairly be thought of as a bundle of many national applications; from it, one may pursue the application in many nations. But, for each such national patent to issue, the PCT application must eventually be prosecuted as a national application in each country, in accordance with that country's patent laws. *See, e.g., Voda v. Cordis Corp.*,

low, the July 8, 1998 international PCT Application ultimately issued in the United States in 2006 as the '215 Patent.

The World Intellectual Property Organization published the PCT Application on January 21, 1999. (*Id.* at ¶ 5.) The resulting deadline for Plaintiffs to file the national fee for the U.S. national stage of its PCT Application in the United States Patent & Trademark Office ("PTO") was January 10, 2000[6]. (*Id.* at ¶ 6.) One day after the deadline expired, on January 11, 2000, the PTO received the national fee for the U.S. national stage of Plaintiffs' PCT Application. (*Id.* at ¶ 7.) Accordingly, the PTO gave Plaintiff's PCT Application a filing date of January 11, 2000. (*Id.*)

On or about June 13, 2000, the PTO mailed a "Notice of Abandonment" of the '215 Application to Plaintiffs' attorney of record, Mr. Islam.[7] (*Id.* at ¶ 9, Ex. 9.) The "Notice of Abandonment" included the following statements:

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476 F.3d 887, 890, 899 (Fed. Cir. 2007) ("The foreign patents issued from a common Patent Cooperation Treaty ('PCT') application. . . . [T]he text of the PCT maintains the independence of each country's patents."); *See also Patent Cooperation Treaty*, 28 U.S.T. 7645.

[6]January 10, 2000 is 30 months, plus a weekend, after July 8, 1997. 35 U.S.C. § 371.

[7]On April 10, 2000, Plaintiff had filed with the PTO a "Declaration and Power of Attorney," signed by Scott Olive, dated January 17, 2000, stating: "As a named inventor, I hereby appoint Stanley I. Rosen [ ], Richard I. Samuel [ ], Shaman Islam [ ], Theresa A. O'Rourke [ ], and Nicholas DuBois [ ] whose address is Friedman Siegelbaum, Seven Becker Farm Road, Rossland, New Jersey, 07068-1757 as my attorneys, to prosecute this application, and to transact all business in [the PTO] connected therewith." (*Id.* at ¶ 8, Ex. 1.)

## COMMUNICATION

The above-identified application was **ABANDONED** on 11 January 2000 for failure to pay the basic national fee 30 month [sic] from the priority date for international application no. PCT/AU98/00525.

## RECOMMENDATION

Applicants may wish to consider filing a petition to the Commissioner under 37 CFR 1.137(a) or (b) requesting that the application be revived. Any petition filed under 37 CFR 1.137(a) and/or a petition under 37 CFR 1.137(b) requesting that the application be revived must meet the criteria in the recent revision of 37 CFR 1.137. See 62 Fed. Reg. 53131 (October 10, 1997); 1203 Off. Gaz. Pat. Office 63 (October 21, 1997) (Effective Date: 01 December 1997).

Under 37 CFR 1.137(a), a petition requesting that the application be revived on the grounds of unavoidable delay must be filed promptly after applicant becomes aware of the abandonment and such petition must be accompanied by: (1) an adequate showing of the cause of unavoidable delay, (2) a proper reply, (3) the petition fee required by law and (4) a terminal disclaimer and fee in all applications filed before 08 June 1995.

Under 37 CFR 1.137(b), a petition requesting that the application be revived on the grounds of unintentional delay must be accompanied by: (1) a proper reply; (2) the petition fee required by law, (3) a statement that the "entire delay in filing the required reply

from the due date for the reply to the filing of a grantable petition pursuant to this paragraph was unintentional" and (4) any terminal disclaimer and fee required pursuant to 37 CFR 1.137(c). The Commissioner may require additional information where there is a question whether the delay was unintentional. The petition fee required by law is $1210.00 for a small entity.

The filing of any petition under the unintentional standard cannot be intentionally delayed. A person seeking revival due to unintentional delay cannot make a statement that the delay was unintentional unless the entire delay was unintentional. A statement that the delay was unintentional is not appropriate if the petitioner intentionally delayed the filing of a petition for revival under 37 CFR 1.137(b). There are three periods to be considered during the evaluation of a petition under 37 CFR 1.137: (1) the delay in the reply that originally resulted in the abandonment; (2) the delay in filing an initial petition under 37 CFR 1.137 to revive the application; and (3) the delay in filing a grantable petition under 37 CFR 1.137 to revive the application. See 62 Fed. Reg. 53131 (October 10, 1997); 1203 Off. Gaz. Pat. Office 63 (October 21, 1997).

This recommendation to file a petition under 37 CFR 1.137(a) or (b) should not be construed as an indication as to whether or not any such petition(s) will be favorably considered.

(*Id.* at ¶ 10, Ex. 2.)

On September 15, 2000, Mr. Islam filed a "Petition Under 27 C.F.R. § 1.10(c) or § 1.10(d) to Correct Date-In' of the '215 Application." (*Id.* at ¶ 11.) On or about June 5, 2001, the PTO issued a notice addressed to Plaintiffs' attorney of record, Mr. Islam, denying Plaintiffs' petition to change the "date-in" of the '215 Application and reaffirmed abandonment of the '215 Application. (*Id.* at ¶ 14, Ex. 3.) The notice stated, among other things:

> On March 21 2000, the United States Designated /Elected Office (DO/EO/US) mailed a Notification of Missing Requirements (Form PCT/DO/EO905) and Notification of a Defective Oath or Declaration (Form PCT/DO/EO/917) indicating that the declaration was not executed in accordance with 37 CFR 1.66 or 37 CFR 1.68. The notification set a one-month time limit to respond. On 10 April 2000, applicant filed a Response to Notification of Missing requirements Under 35 U.S.C. 371 in the United States Designated/Elected Office (DO/EO/US' which was accompanied by executed declaration and power of attorney. On 13 June 2000, the PCT Legal Office mailed Communication and Notification of Abandonment. On 19 September, 2000 applicant filed present petition stating that 'we are filing this petition under 37 CFR 1.10(c) or 1.10(d) to amend the "date in" to reflect the actual date the undersigned deposit with the United States Postal Express Mail under 37 Cfr [sic] 1.10(a) the application and requisite national fee. . . . For the reasons discussed above, applicant's request that the office accept the national application papers as filed on 10 January 2000

> is **DISMISSED** without prejudice. The application remains **ABANDONED**. Any reconsideration on the merits of this petition must be filed within **TWO (2) MONTHS** from the mail date of this decision. Any reconsideration request should include a cover letter entitled "Renewed Petition Under 37 CFR 1.182. No petition fee is required. Extensions of time may be obtained under 37 CFR 1.136(a).

(*Id.* at ¶ 15, Ex. 3.) The PTO determined that Mr. Islam's petition to correct the "Date-In" had not provided sufficient corroborative evidence under 37 C.F.R. 1.10, such as "a copy of the Express Mail Label,"[8] or "a statement from a USPS employee having firsthand knowledge of the time of the last pickup on 10 January 2000." (*Id.*)[9] Neither Mr. Islam or any-

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[8]Mr. Islam did not submit an Express Mail receipt to the PTO in support of the Petition to Correct "Date-In." (*Id.* at ¶ 12.) Plaintiff has not produced in this case, and based on its current information, does not now have in its possession, custody or control, an Express Mail receipt, among other things, that could have supported its Petition to Correct "Date-In." (*Id.* at ¶ 13.)

[9]As discussed in more detail below, Plaintiffs contend there is a question of fact as to whether or not Mr. Islam actually received the June 5, 2001 letter, thereby precluding summary judgment on the current record. As support for the existence of this question of fact, Plaintiffs point to a January 23, 2002 facsimile from Anthony Smith of the PTO to Serle Mosoff (an attorney who worked with Mr. Islam). (Declaration of Arturo E. Sandoval ("Sandoval Decl.") Ex. D.) The January 23, 2002 facsimile bore the words "05 June 2001 Decision" and attached a copy of the PTO's June 5, 2001 decision notifying Mr. Islam that he had failed to provide sufficient corroborative evidence in support of his "Date-In" petition. Plaintiffs contend that if Mr. Islam and Plaintiffs did not receive the PTO's June 5, 2001 decision until January 23, 2002, then Plaintiffs' July 18, 2002 Petition to Re-

one else filed any additional written papers with the PTO pertaining to the '215 Application until July 18, 2002. (*Id.* at ¶ 16.)

On July 18, 2002, Mr. Islam filed a petition to revive the '215 Application, entitled "Petition For Revival Of An Applicatio [sic] For Patent Abandoned Unintentionally Under 37 C.F.R. 1.137(b)." (*Id.* at ¶¶ 17-18.) The petition to revive contained the following statement, among other things, on page 1:

> Burden Hour Statement: This form is estimated to take 1.0 hour to complete. Time will vary depending upon the needs of the individual case. Any comments on the amount of time you are required to complete this form should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, Washington, D.C. 20231. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Assistant Commissioner for Patents, Washington, DC 20231.

(*Id.* at ¶ 19, Ex. 4.) The petition to revive contained the following statement, among other things, on page 2:

> STATEMENT: The entire delay in filing the required reply until the filing of a grantable petition under 37 CFR 1.137(b) was unintentional. [NOTE: The United States Patent and Trademark Office may require additional information if there is a question as to whether either the abandonment or the delay in filing a petition under 37 CFR 1.137(b)

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vive the '215 Patent is timely under 35 U.S.C. § 133. (Pls.' Opp. at 4:2-6.)

was unintentional (MPEP 711.02(c)(III)(C) and (D))].

*(Id.)* A portion of the statement, and the unsigned signature line immediately below it, appeared as follows:

> 4. STATEMENT: The entire delay in filing the required reply until the filing of a grantable petition under 37 CFR 1.137(b) was unintentional. [NOTE. The United States Patent and Trademark Office may require additional information if there is a question as to whether either the abandonment or the delay in filing a petition under 37 CFR 1.137(b) was unintentional (MPEP 711.02(c)(111)(C) and (D))]
>
> **WARNING: Information on this form may become public. Credit card information should not be included on this form. Provide credit card information and authorization on PTO-2038.**
>
> _____ _____
>
> Date Signature
>
> Telephone Number: (212 ) 940-8564
>
> Shahan Islam
> Typed or printed name
>
> Address
> KMZ Rosenman
> 575 Madison Avenue
> New York, NY 10022

*(Id.)*

Also on July 18, 2002, Mr. Islam filed a "Second Preliminary Amendment" and a "Petition For Accelerated Examination Under MPEP 708.02(VIII)." (*Id.* at ¶¶ 22-23.) Mr. Islam filed a signed Affidavit In Support Of Petition For Accelerated Examination Under MPEP 708.02(VIII). (*Id.* at ¶ 24.) Paragraph 5 of Mr. Islam's Affidavit states, in its entirety,

> 5. A pre-examination search was made in various computerized databases. The search yielded the same results as in the prior international proceedings of this application. The following references were noted as being most relevant:
>
> 1. Australian Patent Abstract AN_A_5,3370/86 Poker Machine
>
> 2. U.K. Patent Application 2153572A Gaming Machine
>
> 3. Australian Patent AU_A_ 33868/89 Controlling Apparatus For Gaming Machine

(*Id.* at ¶ 25.)

The PTO's September 3, 2002 Decision on Petition stated, among other things: "All of the requirements of 37 C.F.R. 1.137(b) [of unintentional delay] have been met and the applicant's petition to revive is **GRANTED**." (*Id.* at ¶ 26.) Subsequent to Mr. Islam's filing of the petition to revive, the PTO has not requested and Plaintiffs have not provided any additional information supporting the petition. (*Id.* at ¶ 27.)

On April 8, 2005, Plaintiffs' counsel of record filed the application for the '603 Patent. (*Id.* at ¶ 28.) On June 6, 2006 and September 19, 2006, the '215

Patent and the '603 Patent issued, respectively. (*Id.* at ¶¶ 29-30.)

According to Defendants, the PTO's file history provides the undisputed facts necessary to decide the pending motion and enter a final judgment in their favor for the entire case. Defendants seek an order granting summary judgment on their Second Defense and Second and Fifth Counterclaims, declaring that: (1) the '215 Patent is invalid because Plaintiff abandoned the '215 Application under 35 U.S.C. §§ 371 and 133, and never lawfully revived it on the grounds required by those statutes; and (2) the '603 patent is invalid under 35 U.S.C. § 102(b), because the '215 Application has the same specification and was published in 1999 and abandoned in 2000, years before the '603 Application was filed in 2005.

## III. LEGAL STANDARD

Federal Rule of Civil Procedure 56(c) authorizes summary judgment if there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986). The moving party bears the initial burden of demonstrating the basis for the motion and identifying the portions of the pleadings, depositions, answers to interrogatories, affidavits, and admissions on file that establish the absence of a triable issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). If the moving party meets this initial burden, the burden then shifts to the non-moving party to present specific facts showing that there is a genuine issue for trial. Fed. R. Civ. P. 56(e); *Celotex*, 477 U.S. at 324; *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87 (1986). The non-movant's bare

assertions, standing alone, are insufficient to create a material issue of fact and defeat a motion for summary judgment. *Anderson*, 477 U.S. at 247-48. An issue of fact is material if, under the substantive law of the case, resolution of the factual dispute might affect the case's outcome. *Id.* at 248. Factual disputes are genuine if they "properly can be resolved in favor of either party." *Id.* at 250. Thus, a genuine issue for trial exists if the non-movant presents evidence from which a reasonable jury, viewing the evidence in the light most favorable to that party, could resolve the material issue in its favor. *Id.* However, "[i]f the [non-movant's] evidence is merely colorable, or is not significantly probative, summary judgment may be granted." *Id.* at 249-50 (internal citations omitted).

Summary judgment is as appropriate in a patent case as it is in any other case. *C.R. Bard Inc v. Advanced Cardiovascular Systems*, 911 F.2d 670, 672 (Fed. Cir. 1990). A patent is presumed valid. 35 U.S.C. § 282. The burden is on the party challenging the patent to show, by clear and convincing evidence, that the patent is invalid. *See, e.g., Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367 (Fed. Cir. 1986); *See also Invitrogen Corp. v. Clontech Laboratories, Inc.*, 429 F.3d 1052, 1063 (Fed. Cir. 2005) (citing *Apotex USA, Inc. v. Merck & Co., Inc.*, 254 F.3d 1031, 1036 (Fed. Cir. 2001) (requiring the party asserting invalidity to prove by clear and convincing evidence that the invention was not abandoned, suppressed, or concealed under § 102(g).)). Because this standard must be employed at the summary judgment stage just as it would be used at trial, Defendants have the burden of showing that there is an undisputed record from which a finder of fact would find by clear and convincing evidence that the '215

Patent and '603 Patent are invalid. *Teton West Const. Inc. v. Two Rivers Const. Inc.*, 961 F. Supp. 1422, 1426 (D. Idaho 1997).

## IV. ANALYSIS

### A. Summary of the Parties' Arguments

A short summary of the parties' arguments is helpful in framing the issues now before the Court.

#### *1. Defendants' Arguments*

In their motion, Defendants argue that both the '215 Patent and the '603 Patent are invalid on grounds of abandonment. Initially, as to the '215 Patent, Defendants insist that Plaintiffs abandoned their '215 Application by: (1) failing to timely file the national fee that was due on January 10, 2000 under 35 U.S.C. § 371; (2) failing to timely file a response to the PTO's June 5, 2001 notice reaffirming abandonment under 35 U.S.C. § 133; and (3) failing to make an adequate "showing" in their Petition to Revive that their delays were "unavoidable," as specifically required under Sections 133 and 371. Defendants' positions are based on the premise that the PTO improperly revived the '215 Application by failing to apply the "unavoidable" standard set forth in Sections 133 and 371, and instead applied a lower "unintentional" standard, which is not authorized by the pertinent statutory provisions. Defendants insist that the PTO's actions in reviving the patent were thus "arbitrary, capricious, an abuse of discretion, [and] otherwise not in accordance with the law," 5 U.S.C. § 706(2)(A), and were "in excess of statutory . . . authority," 5 U.S.C. § 706(2)(C), and therefore must be set aside.

Next, as to the '603 Patent, Defendants declare that it is similarly invalid because the '603 Applica-

tion was filed in 2005 as a "continuation" of the '215 Application – more than one year after the '215 PCT Application was published in 1999. Because the '603 Patent is based upon the abandoned '215 Application, Defendants aver that the '603 Patent is necessarily barred under 35 U.S.C. § 102(b).

*2. Plaintiffs' Arguments*

In their opposition, Plaintiffs make four primary arguments. First, they argue that the PTO had authority to accept the petition to revive the allegedly abandoned '215 Patent application under the "unintentional" prong of 37 C.F.R. § 1.137(b). Second, they argue that Sections 371 and 133 address only the timing of patent applications and PTO responses, and do not independently provide grounds for invalidating an issued patent. 35 U.S.C. §§ 371 and 133. In support of this argument, Plaintiffs accord significance to Sections 282(2)-(4), which specify the applicable invalidity defenses available to an accused infringer. 35 U.S.C. § 282(2)-(4). Plaintiffs maintain that because neither Section 371 or Section 133 is a "condition for patentability" under Title 35, neither section may serve as a basis for invalidating the patents at issue. Third, Plaintiffs argue that Section 41(a)(7) specifically empowers the PTO with the discretion to accept petitions to revive unintentionally abandoned patent applications. 35 U.S.C. § 41(a)(7). Fourth, Plaintiffs insist that a number of factual disputes exist which preclude summary judgment.[10]

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[10]Plaintiffs also request time for additional discovery pursuant to Federal Rule of Civil Procedure 56(f).

The Court now turns to the '215 Patent Application and the '603 Patent Application in order to determine whether Plaintiffs abandoned them.

**B. The '215 Patent**

The relevant statutory landscape in deciding whether Plaintiffs abandoned the '215 Patent Application is as follows.

Section 101 provides that "Whoever invents or discovers any new and useful process . . . may obtain a patent therefore, *subject to the conditions and requirements of this title*." 35 U.S.C. § 101 (emphasis added). In the pending motion, Defendants' abandonment argument focuses on Plaintiffs' failure to satisfy two timing requirements taken from Title 35 – Section 371(d) and Section 133.

Section 371, entitled, "National Stage: Commencement," provides that failure to timely file a timely national fee "*shall* be regarded as abandonment of the application by the parties thereof, unless it be shown to the satisfaction of the Director that such failure to comply was *unavoidable*." 35 U.S.C. § 371(d) (emphasis added). Section 133, entitled, "Time for Prosecuting Application," provides that "failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant . . . the application *shall* be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Director that such delay was *unavoidable*." 35 U.S.C. § 133 (emphasis added). Accordingly, both of these requirements prescribe the patentee to "show" that its delay was "*unavoidable*," otherwise the patent application "*shall* be regarded as abandoned."

*1. Which Standard of Review Governs the Revival of the '215 Patent Application – "Unavoidable" or "Unintentional" Delay?*

Defendants insist that because Section 133 and Section 371 explicitly require a showing of "unavoidable" rather than "unintentional" delay, it was improper for the PTO to revive the '215 Application on grounds of "unintentional" delay under 37 C.F.R. 1.137(b).[11] Plaintiffs argue that the PTO had author-

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[11]37 C.F.R. 1.137 provides, in relevant part,

> (a) Unavoidable. If the delay in reply by applicant or patent owner was unavoidable, a petition may be filed pursuant to this paragraph to revive an abandoned application, a reexamination proceeding terminated under §§ 1.550(d) or 1.957(b) or (c), or a lapsed patent. A grantable petition pursuant to this paragraph must be accompanied by:
>
> (1) The reply required to the outstanding Office action or notice, unless previously filed;
>
> (2) The petition fee as set forth in § 1.17(l);
>
> (3) A showing to the satisfaction of the Director that the entire delay in filing the required reply from the due date for the reply until the filing of a grantable petition pursuant to this paragraph was unavoidable; and
>
> (4) Any terminal disclaimer (and fee as set forth in § 1.20(d)) required pursuant to paragraph (d) of this section.
>
> (b) Unintentional. If the delay in reply by applicant or patent owner was unintentional, a petition may be filed pursuant to this paragraph to revive an abandoned application, a reexamination proceeding terminated under §§ 1.550(d) or 1.957(b) or (c), or a lapsed patent. A grantable petition pursuant to this paragraph must be accompanied by:
>
> (1) The reply required to the outstanding Office action or notice, unless previously filed;
>
> (2) The petition fee as set forth in § 1.17(m);

ity to accept the petition to revive the allegedly abandoned '215 Patent application under the "unintentional" prong of 37 C.F.R. § 1.137(b). As further support for the existence of PTO discretion in reviving patent applications, Plaintiffs contend that Section 41(a)(7) specifically empowers the PTO with the discretion to revive "unintentionally" abandoned patent applications.

The Court will now address the plain meaning of the statutory text and the distinction between the "unavoidable" and "unintentional" standards and the relevant legislative history and evolution of the statutes at issue to determine the appropriate standard to apply to Plaintiffs' delay in filing their national fee and their subsequent delay in filing their response to the PTO's notice reaffirming abandonment.

a. *Plain Meaning*

Initially, the Court notes that "[s]tatutory interpretation begins with the plain meaning of the statute's language, [and] [w]here the statutory language is clear and consistent with the statutory scheme at issue, the plain language of the statute is conclusive and the judicial inquiry is at an end." *Botosan v. Paul McNally Realty*, 216 F.3d 827, 831 (9th Cir.

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(3) A statement that the entire delay in filing the required reply from the due date for the reply until the filing of a grantable petition pursuant to this paragraph was unintentional. The Director may require additional information where there is a question whether the delay was unintentional; and

(4) Any terminal disclaimer (and fee as set forth in § 1.20(d)) required pursuant to paragraph (d) of this section.

37 C.F.R. 1.137(a), (b).

2000) (citations omitted); *see also BP Am. Prod. Co. v. Burton*, 127 S. Ct. 638, 643 (2006) ("Unless otherwise defined, statutory terms are generally interpreted in accordance with their ordinary meaning."). Only where a statute yields to more than one reasonable interpretation, should a court turn to the statute's legislative history for evidence of congressional intent. *United States v. Daas*, 198 F.3d 1167, 1174 (9th Cir. 1999); *see also United States v. Gonzales*, 520 U.S. 1, 6 (1997) ("Given the straightforward statutory command, there is no reason to resort to legislative history.").

Here, the plain language of Section 133 and 371(d) is clear and unambiguous. Both statutes explicitly prescribe that a patent application "shall be regarded" as abandoned unless it can be shown that the delay was "unavoidable." 35 U.S.C. §§ 133, 371(d). Neither section references an "unintentional" standard. In turning to Congress's use of the terms, "unavoidable" and "unintentional" delay, it is evident that Congress intended a distinction between the "unavoidable" and "unintentional" standards. For example, Congress has explicitly identified the circumstances under which it intends to authorize the PTO to revive an abandoned application for "unintentional" and/or "unavoidable" failures. *See* 35 U.S.C. § 111(a)(4) and (b)(3)(C) (application abandoned for failure to timely submit fees or oath unless delay was "unavoidable or unintentional"); 35 U.S.C. § 122(b)(2)(B)(iii) (application abandoned for failure to timely notify PTO of the filing of an international application unless delay was "unintentional"); *Ray*, 55 F.3d at 608-609, n.1 (noting that amendment to 35 U.S.C. § 41(c) authorized revival for "unintentional" delays, in addition to "unavoidable" delays). Congress's deliberate use of, and distinction between,

the terms, "unintentional" and "unavoidable," within Title 35 is evidence that Congress has created different standards in evaluating certain delays on the part of a patentee. Based on the express language of the statutes at issue, the Court finds clear support on their face that the "unavoidable" standard governs the review of delays under Section 133 and Section 371(d). Although the Court's inquiry can end here, a review of the legislative history and evolution of Section 133 and Section 371(d) provide further support for the Court's finding.

b. *Legislative History of Sections 133 and 371*

The relevant legislative history and evolution of Section 133 and Section 371 indicates that those sections contemplate application of the "unavoidable" standard, and not the "unintentional" standard.

Turning to Section 133, the Court notes that the "unavoidable" standard "as it is contained in 35 U.S.C. § 133 has remained unchanged since first enacted in 1861." *Haines v. Quigg*, 673 F.Supp. 314, 316-17 (N.D. Ind. 1987). Despite opportunities to amend Section 133, Congress has elected not to include an "unintentional" standard therein. For example, in 1982 Congress enacted 35 U.S.C. § 41(a)(7), which established the amount of certain statutory fees for revival of an "unintentionally" abandoned patent application. *See* Pub. L. 97-247, § 3(a)-(e) (Aug. 27, 1982); 35 U S.C. §41(a)(7). Despite the enactment of Section 41(a)(7) and subsequent amendments to that section, Congress has not chosen to amend Section 133 to add an "unintentional" standard to the existing "unavoidable" standard which governs review under Section 133. *Id.*; *see also* Pub. L. 106-113 § 4732(a)(10)(A) (Nov. 29, 1999),

as amended by Pub. L. 107-273, § 13206(b)(1)(B) (Nov. 2, 2002).

Next, turning to Section 371, the legislative history similarly reveals no Congressional intent to import an "unintentional" standard therein. As originally enacted in 1975, Section 371 did not provide any mechanism to excuse abandonment whatsoever. *See* Pub. L. 94-131 (Nov. 14, 1975). In 1984, after the enactment of Section 41(a)(7) – which referenced the concept of "unintentional" delay – Congress amended Section 371 to excuse abandonment, only if the delay was "unavoidable." *See* Pub. L. 98-622 (Nov. 8, 1984). Thus, despite the opportunity to include or otherwise reference an "unintentional" standard within Section 371, Congress has refrained from doing so. Accordingly, Court finds additional support in the legislative history of the statutes at issue that the "unavoidable" standard governs the review of delays under Section 133 and Section 371(d).[12]

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[12] Finally, turning to the apposite decisions, it is evident that courts have continued to adhere to the distinction between the "unavoidable" and "unintentional" standards. In determining whether a delay was "unavoidable," for purposes of abandonment analysis, one looks to whether the party exercised the due care of a reasonably prudent person. *Ray v. Lehman*, 55 F.3d 606, 608-09 (Fed. Cir. 1995) (citing *Douglas v. Manbeck*, 21 U.S.P.Q. 2d 1697, 1700, 1991 WL 237823 (E.D. Pa. 1991); *In re Mattullath*, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912)). "Unintentional" conduct is not enough to meet the stringent standard of "unavoidable delay." *Femspec, L.L.C. v. Dudas*, 2007 U.S. Lexis 8482, *26 (N.D. Cal. 2007); *See also Smith v. Mossinghoff*, 671 F. 2d 533 (D.C. Cir. 1982) (holding that where applicant's attorney missed deadline because he was preoccupied with other legal matters and was in the process of moving his residence, applicant did not establish unavoidable delay); *Rydeen v. Quigg*, 748 F. Supp. 900 (D. D.C. 1990) (holding that failure to

For these reasons the Court finds that Section 133 and Section 371 contemplate the application of the "unavoidable" standard only, and not the "unintentional" standard.

*2. Does Section 41(a)(7) Alter the Application of the Unavoidable Standard?*

The Court now turns to Plaintiffs' contention that the 1982 enactment of Section 41(a)(7) empowered the PTO with discretion to accept petitions to revive an "unintentionally" abandoned patent application. Plaintiffs argue that Congress enacted Section 41(a)(7) as a "remedial" statute to provide the PTO with greater discretion in reviving abandoned patent applications. Plaintiffs insist that because Section 41 created two different filing fees for applications that had been either "unavoidably" or "unintentionally" abandoned, Congress necessarily afforded the PTO discretion to apply either the "unintentional" or "unavoidable" standard in evaluating requests to revive abandoned patent applications. Thus, according to Plaintiffs, the PTO's revival of the '215 Application is supported by Section 41(a)(7). Defendants disagree. Defendants posit that Section 41(a)(7) does not change the "unavoidable" standard explicitly set forth in Section 133 and Section 371. Defendants claim that Section 41(a)(7) is a fee statute – nothing more – and cannot override the clear Congressional intent and plain meaning of Section

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pay maintenance fee because patentee's attorney had not received customary notice from PTO alerting him it was due was not sufficient to establish unavoidable delay because PTO has no duty to provide notice that maintenance fee is due). Consequently, it is clear that federal courts have recognized that under Title 35 the "unavoidable" standard is distinct from the "unintentional" standard.

133 and Section 371. The Court finds Plaintiffs' reliance on Section 41(a)(7) problematic.

Section 41 of the Patent Act is entitled, "Patent fees; patent and trademark search systems." 35 U.S.C. § 41. It does not state, or otherwise indicate, an intent to change or curtail the "unavoidable" standard set forth in Sections 133 and 371. To the contrary, Section 41(a)(7) explicitly refers to other sections of the Patent Act that are exclusively subject to the "unavoidable" standard – namely Section 133 and Section 151:

> On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, $1,210, unless the petition is filed under *section 133 or 151* of this title, in which case the fee shall be $110.

35 U.S.C. § 41(a)(7) (emphasis added)[13]. Accordingly, the express language of Section 41(a)(7) recognizes the continuing existence of the "unavoidable" standard in the review of patent applications pursuant to Section 133, Section 151, and Section 122. Therefore, the Court finds that Section 41(a)(7) sets forth the amount of fees applicable for revival under the two possible standards ("unavoidable" and "uninten-

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[13]Section 151 provides, in part, "If any payment required by this section is not timely made, but is submitted with the fee for delayed payment and the delay in payment is shown to have been *unavoidable*, it may be accepted by the Director as though no abandonment or lapse had ever occurred." 35 U.S.C. § 151 (emphasis added).

tional"); however, it does not modify or alter Section 133 or Section 371, which expressly require "unavoidable" delays in order to revive abandoned applications.[14]

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[14] The Court notes that Congress's amendments to other provisions in the Patent Act are further support for the Court's conclusion that Section 371 provides for the application of the "unavoidable" standard exclusively. Most compelling is that when Congress has amended other provisions to explicitly include an "unintentional" standard where it did not previously exist, Congress did not make such inclusions within Section 371. The amendments to Section 111 are particularly instructive here because Section 111 sets forth the initial requirements for a *U.S. patent application*, and Section 371 sets forth the analogous initial requirements in the *PCT context*. Although Section 371 and Section 111 address similar subject matter, the respective amendments of the sections is instructive on Congress's intent. The relevant amendments of Section 111 are as follows.

Before 1982, neither Section 111 nor Section 371 included a clause about forgiving a failure to comply under either standard. As part of the same 1982 Amendments, which enacted Section 41(a)(7), discussed above, Congress revised Section 111 to excuse abandonment only if failure to comply was "unavoidable." *See* Pub. L. 97-247 (Aug. 27, 1982). This reveals that the enactment Section 41(a)(7) was not intended to impose an unintentional" standard, otherwise Congress would have simultaneously included the "unintentional" language in Section 111 as well.

In 1984, Congress revised Section 371 to excuse abandonment only if the failure was "unavoidable." *See* Pub. L. 98-622 (Nov. 8, 1984). By implementing an "unavoidable" standard exclusively, this revision brought Section 371 in line with Section 111. The 1984 amendment to Section 371 gave "international applicants benefits similar to those given national applicants by P.L. 97-247 with respect to the time for filing the national fee and oath or declaration." *See* 130 Cong. Rec. H. 10525 (Oct. 1, 1984). As of the 1984 amendment, Section 111 and Section 371 had equivalent standards for revival. Subsequently, in 1994,

Notwithstanding the Court's reasoning above, at the hearing in this matter, Plaintiffs' counsel argued that the decisions in *Enzo Therapeutics, Inc. v. Veda Research and Dev. Co. of the Weizmann Inst. of Science*, 2007 U.S. Dist. Lexis 14831 (E.D. Va. Feb. 28, 2007) compels a different result under Section 41(a)(7). However, *Enzo Therapeutics* is distinguishable from the current case on multiple grounds. There, the patentee failed to timely respond to a three month-deadline *created by the PTO* under its own regulations – specifically, 37 C.F.R. § 1.134. *Id.* at *5. Here, the Plaintiff [patentee] failed to timely respond to a statutory requirement *created by Congress*. The Court recognizes a significant distinction between procedural rules promulgated by the PTO on the one hand, and statutory requirements promulgated by Congress on the other hand. Certainly, the PTO would have more discretion to allow an exception to one of its own regulatory standards than it would to allow an exception to a statutory standard created by Congress. Plaintiffs have failed to provide this Court with authority allowing it to depart from

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Congress again amended Section 111, this time excusing abandonment where the failure to comply was "unavoidable or unintentional." *See* Pub. L. 103-465, Title V, Subt. C, §532(b)(3) (Dec. 8, 1994). However, to date, no such amendment was made to Section 371 and the "unintentional" standard has not been added to that provision.

Accordingly, the Court finds that in amending parallel statutes, Section 111 and 371, Congress's failure to amend Section 371 to include the unintentional standard, allows an inference that Congress's intended revival under Section 371 to be governed by the "*unavoidable*" standard only. If Congress had truly intended for Section 371 or Section 133 to encompass the "unintentional" standard, it would have amended them as it did with Section 111.

the applicable statutory standards of review set forth in Sections 133 and 371.

Because *Enzo Therapeutics* involved a regulatory requirement rather than a statutory one, and because the court's inquiry pertained to the "unintentional" standard, rather than the "unavoidable" standard applicable here, the Court finds Plaintiffs' reliance on *Enzo Therapeutics* unconvincing.

*3. Does Section 282 Preclude a Finding of Patent Invalidity?*

In opposing the current motion, Plaintiffs also rely on 35 U.S.C. § 282. Plaintiffs maintain that Sections 282(2)-(4) provide the exhaustive list of available invalidity defenses, and that Defendants have not sufficiently shown that Congress intended Section 133 and/or Section 371 to be included within that list. Plaintiffs explain that the list of defenses includes, in relevant part, "[i]nvalidity of the patent . . . in suit on any ground specified in part II of this title as a *condition for patentability*" or "[a]ny other fact or act made a defense by this title." 35 U.S.C. §§ 282(2), (4) (emphasis added). Plaintiffs state that the two statutory provisions listed as "conditions for patentability" are "novelty" and "non-obviousness," under 35 U.S.C. § 102 and § 103, respectively. Because Congress did not similarly designate Section 133 or Section 371, as "condition[s] for patentability," Plaintiffs contend that Defendants' invalidity arguments premised on Section 133 and Section 371 necessarily fail.

Defendants reply that their motion for invalidity is authorized by Section 282 for four reasons. First, Defendants point out that they have moved to declare the '603 Patent invalid under Section 102(b) –

which is an available invalidity defense under Section 282(2) – and in order to make that determination the Court must decide whether the prior '215 Application remains abandoned under Section 133 and/or Section 371. Thus, Defendants contend that the issue of abandonment under Section 133 and/or Section 371 is inescapably tethered to the Court's invalidity inquiry under Section 102(b). Second, Defendants point out that they have moved to declare both the '215 Patent and the '603 Patent invalid under Section 102(c) – which is also an available invalidity defense under Section 282(2). Third, Defendants state that Section 282(2) is not limited to the defenses found in Section 102 and Section 103, as Plaintiffs contend. Defendants note that Section 282(2) broadly authorizes them to assert as a defense the "[i]nvalidity of the patent . . . in suit on any ground specified in part II of this title as a condition for patentability" and that part II includes the six-month deadline for prosecuting an application in Section 133 as a condition; therefore, Section 133 is an available defense under Section 282(2). Fourth, Defendants insist that Section 133 and Section 371 are available invalidity defenses under Section 282(4) because they are specifically incorporated therein ("[a]ny other fact or act made a defense by this title.") 35 U.S.C. § 282(4).

Having considered the parties' arguments, the Court finds Defendants' fourth argument most persuasive for the reasons set forth below. Section 282(4) clearly references "[a]ny other fact or act made a defense by this title" as an invalidity defense that must be pleaded. 35 U.S.C. § 282(4). A fortiori, Section 282(4) must therefore incorporate Section 133 and 371(d). This conclusion is supported by a recent district court decision. *New York Univ. v. Auto-*

*desk, Inc.*, 466 F. Supp. 2d 563 (S.D.N.Y. 2006). In *Autodesk*, the court implicitly rejected the same argument made by Plaintiff here. *Id.* at 565. There, the court stated,

> Plaintiff argues that the structure of § 282 of the patent statute provides a "specific framework for challenging the validity of a patent in the context of an infringement action" that precludes judicial review of PTO decisions that revive abandoned patents. . . . Section 282 lists three specific defenses that may be raised in an infringement action and also permits a defendant to raise "[a]ny other fact or act made a defense by this title." Although improper revival would appear to be covered by this catch-all language, plaintiff argues that "improper revival" [under § 133] is not explicitly "made a defense" under the patent statute, and so is not reviewable in this proceeding. The fact, however, that "improper revival" is not specifically listed as a defense in § 282 does not provide clear and convincing evidence of legislative intention to preclude judicial review.

*Id.*; *See also Quantum Corp. v. Rodime, PLC*, 65 F.3d 1557, 1584 (Fed. Cir. 1995) (stating "Section 282 does not state that the list of invalidity defenses contained therein are the only ones available; the statute merely says '[t]he following shall be defenses.' The express words of Section 282 therefore allow for the existence of other invalidity defenses.")[15] Similarly,

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[15]At the hearing, and in supplemental briefing, Plaintiffs' counsel argued that the court's reasoning in *Quantum Corp.* is inapposite to the current case. Plaintiffs claim that because the in-

in this case, the fact that Section 133 and Section 371 are not specifically listed under Section 282, does not mean they are not included in the catch-all provision of "[a]ny other fact or act made a defense by this title." 35 U.S.C. § 282(4). Both Section 133 and Section 371 are other "defenses" within Title 35. Accordingly, the Court finds that Section 282 does not preclude their application here.

The Court also finds Defendants' third argument, relying on Section 282(2), also to be well-taken. Section 282(2) *broadly* authorizes a party to assert as a defense the "[i]nvalidity of the patent . . . in suit on any ground specified in *part II* of this title as a condition for patent ability." 35 U.S.C § 282(2) (emphasis added). Because Section 133's six-month deadline for prosecuting an application is specified within part II of Title 35, it necessarily provides an available defense where a patentee has abandoned, and failed to lawfully revive, a patent application. 35 U.S.C. §§ 282, 133.[16]

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validity defense in *Quantum Corp.* was premised on a reexamination that violated Section 305, the issue was "substantive." Plaintiffs contend that Section 282 is limited to only those types "substantive" defenses, and not to the "ministerial" issues in the current case. However, Plaintiffs have failed to adduce any legal authority supporting their distinction between these two semantic categories. For that reason, the Court is not persuaded that Section 282 should be read as imposing such a limitation.

[16]In addressing Defendants' second argument pertaining to Section 282, the Court notes that Defendants have failed to adduce legal authority where a court has applied Section 102(c) as a bar in this factual context. Section 102(c) provides: "A person shall be entitled to a patent unless . . . (c) he has abandoned the invention." 35 U.S.C. § 102(c). Because the Court has already determined, on other grounds, that Section 282 does not preclude the applicability of Section 133 or Section 371, it need not

For these reasons, the Court finds that Section 282 does not preclude Defendants' motion for summary judgment under Section 133 and/or Section 371. Having determined the applicability of Section 133 and Section 371, the Court must now turn its attention to whether it may review the PTO's decision to revive the '215 Application under the "unintentional" standard set forth in 37 C.F.R. 1.137(b).

*4. Administrative Procedure Act*

Without citing any legal authority, Plaintiffs assert in their brief that the PTO's granting of a petition to revive is not subject to judicial review. (Pls.' Opp. at 5:24-6:9.) At the hearing on this matter, Plaintiffs' counsel clarified that the Court may review the PTO's decision, but should give deference to the PTO when doing so.

A PTO action is generally reviewable under the Administrative Procedure Act, 5 U.S.C. §§ 701 *et seq.* ("APA"), and "may be set aside if it is 'arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.'" *Ray*, 55 F.3d at 608 (quoting 5 U.S.C. § 706(2)(A)).[17] The APA confers a general

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reach the merits of Defendants' second argument under Section 102(c).

[17]*See also Morganroth v. Quigg*, 885 F.2d 843, 848 (Fed. Cir. 1989) (holding that the Patent Office's interpretation of statutory and regulatory provisions regarding abandonment and revival of patent applications is entitled to "considerable deference"). Accordingly, this court may "not [ ] substitute its own judgment for that of the agency." *Ray*, 55 F.3d at 608. Indeed, this court should only set aside decisions of the Patent Office if they "lack any basis in reason or common sense." *Smith v. Mossinghoff*, 671 F.2d 533, 538 (D.C. Cir. 1982). At the same time, however, a court "should not supply a reasoned basis for the agency's action that the agency itself has not given." *Motor*

cause of action upon persons "adversely affected or aggrieved by agency action within the meaning of a relevant statute," 5 U.S.C. § 702, but withdraws that cause of action to the extent the relevant statute "preclude[s] judicial review," 5 U.S.C. § 701(a)(1). *Autodesk, Inc.*, 466 F. Supp. 2d 563 at 565. Whether a statute precludes judicial review "is determined not only from its express language, but also from the structure of the statutory scheme, its objectives, its legislative history, and the nature of the administrative action involved." *Id.* (citing *Block v. Cmty. Nutrition Inst.*, 467 U.S. 340, 345 (1984)). There is a "general presumption favoring judicial review of administrative action," *id.* at 351, and this presumption is overcome only when there is "clear and convincing evidence of legislative intention to preclude review," *Japan Whaling Ass'n v. Am. Cetacean Soc'y*, 478 U.S. 221, 230 n. 4 (1986). Here, the record before the Court evinces no basis upon which to find the existence of clear and convincing evidence of Congress's intent to preclude judicial review. *See Autodesk, Inc.*, 466 F. Supp. 2d 563 at 565 (finding same).

Plaintiffs also assert in their brief, without authority, that judicial review of the PTO's *denial* of a petition to revive is distinguishable from Defendants' invalidity theory which challenges the PTO's *grant* of a petition to revive. To the contrary, courts have recognized that pursuant to the APA, an accused infringer may challenge the PTO's *grant* of a petition to revive as an invalidity defense in a later-filed action. *See Arrow Int'l v. Spire Biomedical, Inc.*, 443 F. Supp. 2d 182, 185 (D. Mass. 2006) (stating that if the patentee is successful on its petition to revive before

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*Vehicle Mfrs. Ass'n of U.S. v. State Farm Mutual Auto. Ins. Co.*, 463 U.S. 29, 43 (1983) (internal quotations omitted).

the PTO, the alleged infringer may challenge the revival and argue its implications before a District Court in a subsequently refiled patent litigation.); *See also Autodesk, Inc.*, 466 F. Supp. 2d 563, 564-65 (finding that court was empowered under ADA to review and set aside the PTO's granting of a petition to revive); *Lawman Armor Corp. v. Simon, No. 04-72260*, 2005 U.S. Dist. Lexis 10843 (E.D. Mich. Mar. 29, 2005) (same). Because there is a general presumption favoring judicial review of administrative action, and because Plaintiff has failed to identify clear and convincing evidence of a legislative intention to preclude judicial review, the Court finds that it may review the PTO's decision to revive the '215 Patent.

*5. Did the PTO Abuse its Discretion in Reviving the '215 Application?*

Having determined that the Court may review the PTO's decision to revive the '215 Application and that the proper standard was "unavoidable," and not "unintentional," the Court must now decide whether there is undisputed and clear and convincing evidence to conclude that the PTC abused its discretion in failing to apply the "unavoidable" standard and the related timing requirements of Section 133 and Section 371. In support of their motion, Defendants emphasize that Plaintiffs' petition to revive the '215 Patent was substantively and procedurally flawed. Substantively, Plaintiffs' petition was allegedly flawed because it provided no explanation for the delay, as required by 37 C.F.R. 1.137, and instead stated in a conclusory fashion, that "[t]he entire delay in filing the required reply until the filing of a grantable petition under 37 CFR 1.137(b) was unin-

tentional." (JS at ¶ 19, Ex. 4.)[18] Procedurally, Plaintiffs' petition was allegedly flawed because it was not signed. (*Id.*) In opposition, Plaintiffs insist that significant deference should be given to the PTO's interpretation of its own regulations and that the existence of material factual disputes preclude summary judgment.

Under circumstances similar to the current case, a district court has found that the PTO's revival of an abandoned application under 37 C.F.R. § 1.137 was an abuse of discretion under Section 706(2)(A) of the APA, and therefore subject to being overturned. *Field Hybrids, LLC v. Toyota Motor Corp.*, 2005 U.S. Dist Lexis 1159 *22 (D. Minn. 2005). In *Field Hybrids*, the plaintiff patentee failed to respond to a PTO office action within the prescribed six-month period set forth in Section 133. *Id.* at *3. The patentee subsequently filed a petition to revive the abandoned application fifteen months later on grounds that the delay was "unintentional." *Id.* at *5. After initially dismissing the patentee's first petition, the PTO subsequently granted the patentee's second petition for revival on grounds that the patentee's delay was "unintentional." *Id.* In reviewing the propriety of the PTO's decision, the district court found that the factual record did not support the PTO's finding that the patentee's delay was uninten-

[18]Defendants contend that Plaintiffs' petition to revive fails under the "unintentional" standard also. In particular, Defendants argue that because Plaintiffs simultaneously filed other documents (such as a "Second Preliminary Amendment" and a "Petition for Accelerated Examination Under MPEP 708.02 (VII)") that would have required extensive time to prepare, it cannot follow that the entire delay was "unintentional." (Defs.' Mot. at 12:12-22.)

tional. *Id.* at *21. To the contrary, the factual record revealed that the patentee's delay in responding to the PTO was intentional because the factual record demonstrated that the patentee and the patentee's attorney were aware of the pertinent deadline. *Id.* at *21-23.

Here, the Court similarly finds that the PTO abused its discretion in reviving the '215 Application. As described above, the applicable statutory requirements for the revival of an application in these circumstances are set forth in Section 133 and Section 371(d). As more fully set forth below, a review of the undisputed factual record before the Court indicates that Plaintiffs failed to comply with both sections.

a. *Section 371*

Turning to the national fee timing requirement of Section 371, the parties do not dispute that the deadline for Plaintiff to file the national fee for the U.S. national stage of its PCT application at the PTO was January 10, 2000. (JS at ¶ 6.) The parties also do not dispute that the PTO did not receive Plaintiffs' national fee until January 11, 2000. (*Id.* at ¶ 7.) A subsequent revival of the application therefore requires the patentee to "show to the satisfactory of the Director that such failure to comply [with the deadline] was unavoidable." 35 U.S.C. § 371(d). Here, Plaintiffs failed to do that. A review of Plaintiffs' July 22, 2002 Petition for Revival of the '215 Patent, shows that Plaintiffs made no showing that their delay was "unavoidable" as required by Section 371(d). (JS at ¶ 18, Ex. 4.) For these reasons, the Court finds there is undisputed and clear and convincing evidence to find that the PTO's decision to revive the '215 Patent – without a showing to the Director that

the failure was unavoidable – was an abuse of discretion because the decision was "not in accordance with law." *Ray*, 55 F.3d at 608.

b. *Section 133*

Next, the Court turns to the applicable timing requirement of Section 133 mandating a patentee to respond to the PTO within six-months after notice has been given. The parties do not dispute that the PTO issued a denial notice addressed to Plaintiffs' attorney of record dated June 5, 2001. (*Id.* at 14.) However, the parties do dispute whether Plaintiffs' attorney of record actually received the PTO's denial notice. (Pls.' Opp. at 11:25-12:16.) If the PTO provided notice or otherwise timely mailed the June 5, 2001 denial notice, then Plaintiffs' subsequent response on July 18, 2002 was untimely, thereby resulting in another basis for abandonment of the '215 Application, unless the delay was "unavoidable." 35 U.S.C. § 133. If, however, the PTO did not provide notice, or otherwise timely mail the June 5, 2001 denial notice, then Plaintiffs would not have been on notice to respond until the next correspondence from the PTO to Plaintiffs' attorneys, which did not occur until January 23, 2002. (Sandoval Decl. Ex. D.) The January 23, 2002 facsimile bore the words "05 June 2001 Decision" and attached a copy of the PTO's June 5, 2001 denial notice. (*Id.*) If Plaintiffs did not receive the PTO's June 5, 2001 decision until January 23, 2002 – as Plaintiffs contend is a possibility – then Plaintiffs July 18, 2002 Petition to Revive the '215 Patent would appear timely under 35 U.S.C. § 133. (Pls.' Opp. at 4:2-6.)

In examining the factual record, it is undisputed that the PTO reaffirmed the abandonment of the '215 Application in the June 5, 2001 denial notice

addressed to Plaintiffs' attorney of record, Mr. Islam. (*Id.* at ¶ 14, Ex. 3.) Because it is presumed that a notice by a government agency is mailed on the date shown, *Molnar v. Legal Sea Foods, Inc.*, 473 F. Supp. 2d 428, 430 (S.D.N.Y. 2007) (citing *Sherlock v. Montefiore Medical Ctr.*, 84 F.3d 522, 525 (2d Cir. 1996)[19]), and because there is a rebuttable presumption that the document has been received by the addressee, *Schikore v. BankAmerica Supplemental Retirement Plan*, 269 F.3d 956, 961 (9th Cir. 2001) (citations omitted), the Court must presume that the PTO sent, and Plaintiff received, the June 5, 2001 denial notice at that time.

In response, Plaintiffs do not offer any competent evidence in an effort to rebut the presumption of receipt of the denial notice. Plaintiffs do not offer a declaration from their *own patent counsel*, Mr. Islam or Mr. Mosoff, indicating they did not receive the denial notice. Instead, Plaintiffs provide the Court with a single declaration containing speculation only. (Blanch Decl. at ¶ 2-5) (stating "Aristocrat hopes to establish through the testimony of Mr. [ ] Islam and/or [Mr.] [ ] Mosoff that they had not received the Patent Office's June, 2001 Decision on Petition until January 23, 2002, thereby eliminating the allegedly unexcused six month period of alleged delay." . . . "Based on the existence of Exhibit D to the Sandoval Declaration (the January 23, 2002 facsimile from Anthony Smith of the Patent Office to [Mr.] Mosoff), it is believed that the facts sought exist.") However, contrary to Plaintiffs' speculation, the existence of

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[19]There is a further presumption that a mailed document is received three days after the date on which it is sent. *See* Fed. R. Civ. P. 6(e); *Sherlock*, 84 F.3d at 525.

the January 23, 2002 facsimile does not have any tendency to prove that the PTO failed to previously provide the June 5, 2001 denial notice to Plaintiff. The January 23, 2002 facsimile only tends to prove that the June 5, 2001 denial notice was transmitted to Plaintiffs' counsel a second time. Without competent evidence indicating otherwise, the Court must conclude that the June 5, 2001 denial notice was timely mailed and received. Plaintiffs' speculation that the June 5, 2001 notice might not have been received, without more, is not sufficient to rebut the applicable presumptions of mailing and receipt. For these reasons, the Court finds there is undisputed and clear and convincing evidence to find that the PTO's decision to revive the '215 Patent – without a showing to the Director that the failure was unavoidable – was an abuse of discretion because the PTO's decision was "not in accordance with law." *Ray*, 55 F.3d at 608.

Having failed to establish a triable issue of material fact, Plaintiffs rely on the existence of the January 23, 2002 facsimile as a basis for a Rule 56(f) request, contending that future depositions of Plaintiffs' attorneys, Mr. Islam and Mr. Mosoff, are necessary to resolve the factual question of when Plaintiffs actually received the June 5, 2001 denial notice. Plaintiffs aver that this possible factual dispute precludes a grant of summary judgment.

The Court finds Plaintiffs' request under Rule 56(f) to be problematic on two fronts. First, the Court has already determined that Plaintiffs' failure to comply with Section 371(d) resulted in abandonment of the '215 Application. In their opposition, Plaintiffs do not identify any factual disputes pertaining to their failure to pay the national fee and the resulting

abandonment under Section 371(d). Neither do Plaintiffs identify any facts from which this Court could find that they made a showing of "unavoidable" delay to the PTO regarding the filing of their national fee. Accordingly, even if there were a disputed issue of fact surrounding Plaintiffs' receipt of the June 5, 2001 denial notice, it would not preclude a grant of summary judgment under Section 371(d).

Second, Plaintiffs' reliance on Rule 56(f) is procedurally deficient. Rule 56, provides that a Court may allow a party to obtain additional discovery where it "appear[s] from the affidavits . . . that the party cannot for reasons stated present by affidavit facts essential to justify the party's opposition." Fed. R. Civ. Proc. 56(f). "The burden is on the party seeking additional discovery to proffer sufficient facts to show that the evidence sought exists . . . and that it would prevent summary judgment." *Nidds v. Schindler Elevator Corp.*, 113 F.3d 912, 920 (9th Cir. 1996). To obtain postponement or denial for further discovery, the opposing party's declaration must show the following: (1) facts establishing a likelihood that controverting evidence may exist as to a material fact; (2) the specific reasons why such evidence cannot be presented at the present time; and (3) the steps or procedures which the opposing party intends to utilize to obtain such evidence. Hon. William W. Schwarzer, *supra*, § 14:114 (citing Fed. R. Civ. P. 56(f); *Kelly v. Marcantonio*,187 F.3d 192, 203 (1st Cir. 1999); *Terrell v. Brewer*, 935 F.2d 1015, 1018 (9th Cir. 1991)). The opposing party must also explain how additional time will enable him or her to rebut the movant's allegations of no genuine issue of material fact. *Id.* (citing *Tatum v. City & County of San Francisco*, 441 F.3d 1090, 1101 (9th Cir. 2006); *Trask v. Franco*, 446 F.3d 1036, 1042 (10th Cir.

2006); *Stearns Airport Equip. Co., Inc. v. FMC Corp.*, 170 F.3d 518, 535 (5th Cir. 1999)). Plaintiffs' affidavit fails to make the necessary showing. As set forth above, the Court notes that the existence of the January 23, 2002 facsimile does not, by itself, have any tendency to prove that the PTO failed to previously provide the June 5, 2001 denial notice to Plaintiff. Additionally, Plaintiffs' affidavit is insufficient because it contains only speculation as to when its counsel may have received the June 5, 2001 denial notice. Such speculation is inadequate to raise a genuine issue of material fact. Likewise, Plaintiffs' affidavit does not present facts establishing the likelihood that the evidence sought actually exists. Plaintiffs' affidavit also fails to explain why they could not present declarations from their *own patent counsel* – Mr. Islam and/or Mr. Mosoff – who are the alleged holders of the allegedly existing evidence.

In conclusion, the Court finds that there is undisputed clear and convincing evidence on this record to conclude that the PTO abused its discretion in failing to apply the "unavoidable" standard and the related timing requirements of Section 133 and Section 371(d). Accordingly, Plaintiffs abandoned the '215 Application, and did not lawfully revive it, because they failed to meet the "unavoidable" standard and the related timing requirements of Section 133 and Section 371(d). The Court now addresses the resulting impact on the validity of the '603 Patent.

**C. The '603 Patent**

Defendants argue that because the '603 Patent purports to be a "continuation" of the '215 Application, it would normally be entitled to the '215 Application's filing date under 35 U.S.C. § 120. However, that is not true if the abandoned '215 Application

was never lawfully revived. On that basis, Defendants contend that because the '215 Application was abandoned, and not lawfully revived, years before the '603 Application was filed, the '603 Patent is not entitled to the filing date of the '215 Application. Accordingly, Defendants insist that the '603 Patent is necessarily invalid under Section 102(b) because "the invention was . . . described in printed publication in this or a foreign county . . . more than one year prior to the date of the application for patent in the United States." 35 U.S.C. § 102(b). Plaintiffs do not substantively respond to Defendants' argument.

If a given application qualifies as a continuation, continuation-in-part, or divisional application, it may be entitled to the effective filing date of a prior application under Section 120. 35 U.S.C. § 120. Section 120 requires that the two applications be "copendent." *Baxter Intl, Inc. v. McCaw, Inc.* 149 F.3d 1321, 1333 (Fed. Cir. 1998). Specifically, in order for a continuation patent application to benefit from an earlier patent's effective filing date, the continuation patent application must be filed before abandonment of the first patent application. 35 U.S.C. § 120. In such a case, the filing date of the prior application is the measure for statutory bars under Section 102(b). Chisum, *supra*, at § 6.02[9] (citing *Li Second Family Limited Partnership v. Toshiba Corp.*, 231 F.3d 1373, 1379-80 (Fed. Cir. 2000)).

Section 102(b) provides that "a person shall be entitled to a patent unless . . . (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." 35 U.S.C. § 102(b). A person who invents a product or

process that meets the conditions of patentability (statutory subject matter, novelty, utility, nonobviousness) is under no categorical duty to file an application for the patent within any certain period of time, but, once one of the events described in Section 102 occurs (patenting, publication, public use or sale in this country), whether by the inventor's action or the action of others, he or she must apply for a patent within the prescribed period or be barred from obtaining a patent. Chisum, *supra*, at § 6.02 (citations omitted.). Courts refer to the date one year[20] before the effective application filing date as the "critical date." *Id.* The statutory bars in Section 102(b) apply when they occur "more than one year prior to the date of the application for patent in the United States." 35 U.S.C. § 102(b).

Here, because the '215 Application was not properly revived, its abandonment date was either January 10, 2000 or December 5, 2001, under Section 371(b) and Section 133, respectively. The next correspondence in the chain resulting in the '215 and '603 Patents was Plaintiffs' "Petition For Revival Of An Application [sic] For Patent Abandoned Unintentionally Under 37 C.F.R. 1.137(b)" filed on July 18, 2002. (*Id.* at ¶¶ 17-18.) The '603 Application was not filed until April 8, 2005. (*Id.* at ¶ 28.) Thus, under either abandonment date, there exists a gap between the '215 and '603 Applications, there exists no

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[20] In computing the one-year period, the general rule excluding the day the event occurs applies. Furthermore, 35 U.S.C. Section 21 provides that "[w]hen the . . . last day for taking any action . . . in the United States Patent Office falls on Saturday, Sunday, or a holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding secular or business day."

co-pendency between the applications under Section 120, and the '603 Application cannot claim the effective filing date of the '215 Application. Accordingly, the '603 Patent is necessarily invalid because it was described in the published '215 PCT Application more than one year prior to its date of application. *See Field Hybrids*, 2005 U.S. Dist. Lexis at *23.

## V. CONCLUSION

For the foregoing reasons, the Court **GRANTS** Defendant's Motion for Summary Judgment and finds that Defendants have shown, by clear and convincing evidence, that both patents in suit are invalid because the '215 Application was abandoned, and not lawfully revived.

**IT IS SO ORDERED.**

Dated: June 13, 2007

/s/
MARTIN J. JENKINS
United States District Judge

## APPENDIX C

NOTE: This order is nonprecedential.

## UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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**2008-1016**

Aristocrat Technologies Australia PTY Limited and Aristocrat Technologies, Inc.,
*Plaintiffs-Appellants,*

v.

International Game Technology and IGT,
*Defendants-Appellees.*

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Appeal from the United States District Court for the Northern District of California in case no. 06-CV-3717, *Judge* Martin Jenkins.

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[Filed Nov. 17, 2008]

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### ORDER

A petition for rehearing en banc having been filed by the Appellees, and a response thereto having been invited by the court and filed by the Appellants, and the matter having first been referred as a petition for rehearing to the panel that heard the appeal, and thereafter the petition for rehearing en banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on November 24, 2008.

Chief Judge Michel did not participate in the vote.

FOR THE COURT,

Jan Horbaly
Clerk

Dated: 11/17/2008

cc: Raphael V. Lupo
Jeffrey W. Sarles
Anthony J. Steinmeyer, Seth M. Galanter

ARISTOCRAT TECH V INTL GAME TECH,
2008-1016
(DCT - 06-CV-3717)

FILED
MAY 15 2009
OFFICE OF THE CLERK
SUPREME COURT

No. 08-1051

# In The Supreme Court of the United States

INTERNATIONAL GAME TECHNOLOGY and IGT,
*Petitioners,*

v.

ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED and ARISTOCRAT TECHNOLOGIES, INC.,
*Respondents.*

*On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit*

## BRIEF IN OPPOSITION

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## QUESTIONS PRESENTED

The PTO granted respondents' petition to revive a patent application previously deemed abandoned for a late fee payment. The PTO revived the application based on a legal standard of "unintentional delay"—a standard expressly authorized by Congress in 1982 and consistently applied by the PTO since. Petitioners contend that the PTO should have applied a different legal standard—"unavoidable delay"—and that as a consequence, respondents' patent is invalid.

Section 282 of the Patent Act provides that a patent issued by the PTO "shall be presumed valid," and that "defenses" in any patent infringement action include "(2) invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability" and "(4) any other fact or act made a defense by this title." 35 U.S.C. § 282. The questions presented are:

1. Whether the Federal Circuit correctly determined that the PTO's revival of an abandoned patent application based on a legal standard of "unavoidable delay" is not a "condition of patentability" for purposes of Section 282(2).

2. Whether the Federal Circuit correctly determined that the PTO's revival of an abandoned patent application based on a legal standard of "unintentional delay" is not "made a defense by this title" for purposes of Section 282(4).

## RULE 29.6 STATEMENT

Aristocrat Leisure Limited holds ten percent or more of the stock of respondents Aristocrat Technologies Australia Pty Limited and Aristocrat Technologies, Inc.

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## STATUTES AND REGULATIONS:

**35 U.S.C. § 41** ("Patent fees; patent and trademark search systems,") provides in pertinent part:

(a) The Director shall charge the following fees:

* * *

> (7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, $1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be $110.

**35 U.S.C. § 282**, "Presumption of validity; defenses," provides in pertinent part:

A patent shall be presumed valid. * * * The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

* * *

Invalidity of the extension of a patent term or any portion thereof under section 154(b) or 156 of this title because of the material failure–

(1) by the applicant for the extension, or

(2) by the Director,

to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action.

37 C.F.R. 1.137, "Revival of abandoned application, terminated or limited reexamination prosecution, or lapsed patent," provides in pertinent part:

(b) *Unintentional.* If the delay in reply by applicant or patent owner was unintentional, a petition may be filed pursuant to this paragraph to revive an abandoned application, a reexamination prosecution terminated under §§ 1.550(d) or 1.957(b) or limited under § 1.957(c), or a lapsed patent. A grantable petition pursuant to this paragraph must be accompanied by:

> (1) The reply required to the outstanding Office action or notice, unless previously filed;
>
> (2) The petition fee as set forth in § 1.17(m);
>
> (3) A statement that the entire delay in filing the required reply from the due date for the reply until the filing of a grantable petition pursuant to this paragraph was unintentional. The Director may require additional information where there is a question whether the delay was unintentional; and
>
> (4) Any terminal disclaimer (and fee as set forth in § 1.20(d)) required pursuant to paragraph (d) of this section.

## STATEMENT OF THE CASE

1. Respondents (collectively "Aristocrat") are Australian companies. Aristocrat originally filed provisional applications for an Australian patent for gaming technology in 1997. In 1998, Aristocrat filed a Paris Cooperation Treaty application, claiming priority to the provisional Australian application. Under the Treaty, Aristocrat could gain international priority rights, including priority rights in the United States, with such priority traced back to its original Australian application. To perfect its application for the United States under the Treaty, Aristocrat was required to pay a fee to the United States Patent and Trademark Office ("the PTO") by January 10, 2000. The PTO received Aristocrat's fee payment on January 11, 2000—one day late.

The PTO issued a "notice of abandonment" of the patent application to Aristocrat based on the untimely fee payment. The PTO advised that Aristocrat could elect to file a petition to revive its application under 37 C.F.R. § 1.137(a), which allows revival where the abandonment is "unavoidable," or 37 C.F.R. § 1.137(b), which allows revival when the abandonment is "unintentional." After an unsuccessful effort to correct the "date in" of its application, Aristocrat filed a petition to revive the patent application under 37 C.F.R. § 1.137(b), stating that the delay in paying the filing fee was "unintentional." On September 3, 2002, the PTO granted the petition.

Aristocrat resumed prosecution on the merits and the PTO issued U.S. Patent No. 7,056,215 ("the '215 patent") in June 2006. The PTO issued a patent based upon a continuation application of the '215 patent, U.S. Patent No. 7,108,603 ("the '603 patent"), in September 2006.

2. Aristocrat brought this action against IGT in the Northern District of California, alleging infringement of the '215 patent and '603 patent. IGT moved for summary judgment based on "improper revival," arguing that the PTO had revived Aristocrat's application under the wrong statutory standard—"unintentional" rather than "unavoidable" delay. Specifically, IGT argued that the '215 patent was invalid because 35 U.S.C. §§ 371(d) and 133 require a showing that the delay was "unavoidable" in order to revive an abandoned patent, and that the PTO violated these provisions by granting revival of the patent application based on Aristocrat's showing of "unintentional delay."[1]

In response to IGT's motion for summary judgment, Aristocrat argued that (1) under the Administrative Procedure Act ("APA") the district court could not review the PTO's decision to revive the application for the '215 patent; (2) even if judicial review of the PTO's revival decision were

---

[1] IGT also argued that the '603 patent in turn is invalid under 35 U.S.C. § 102(b) if the '215 patent is invalid, a point not in dispute. Hence, the litigation in both the district court and the Federal Circuit focused on the revival of the '215 patent application.

permissible, the revival was proper under 35 U.S.C. § 41(a)(7), which was the source of the PTO's "unintentional delay" standard; and (3) even if the revival was otherwise improper, it was not a cognizable defense under 35 U.S.C. § 282, which specifies the grounds upon which a patent may be declared invalid under the Patent Act in an infringement action.

The district court rejected all three of Aristocrat's arguments, holding (1) that the APA permitted judicial review of the PTO's revival decision, Pet. App. 45a-47a; (2) that the PTO's revival decision on the basis of the "unintentional delay" standard in 37 C.F.R. § 1.137(b) violated Sections 371(d) and 133 of the Patent Act, Pet. App. 31a-37a, 47a-57a, and was not authorized by 35 U.S.C. § 41(a)(7), Pet. App. 37a-41a; and (3) that "improper revival" constitutes a defense to infringement under Section 282(2) and (4). Pet. App. 41a-45a.

3. Aristocrat appealed to the Federal Circuit, where the parties' briefing focused on the three issues considered by the district court: (1) whether the APA allows for judicial review of the PTO's revival decision; (2) if such judicial review is permitted, whether the PTO's revival decision was authorized by 35 U.S.C. § 41(a)(7); and (3) even if the PTO's revival decision was both reviewable and improper, whether "improper revival" is a defense under Section 282(2) and (4). As discussed further below, IGT did not argue that "improper revival" is

a cognizable defense to infringement outside of the context of Section 282.

The PTO supplemented the parties' briefing with a thirty-one page *amicus curiae* brief urging the court of appeals to reverse the district court's decision. The PTO argued that Section 41(a)(7) of the Patent Act authorized it to promulgate an "unintentional delay" standard for petitions to revive an abandoned patent application, PTO *Amicus Curiae* C.A. Br. 10-21, and that the district court failed to give reasonable deference to the PTO's interpretation of the statute, *id.* at 25-32. The PTO further noted that in the twenty-five years since the enactment of Section 41(a)(7), the PTO had revived approximately 73,000 unintentionally abandoned patent applications, and of these, about 56% had ultimately issued as patents. *Id.* at 2. The PTO observed that the district court decision, if upheld by the Federal Circuit, would potentially invalidate tens of thousands of patents. *Id.* Accordingly, the PTO argued that it has "a strong interest in defending its interpretation of its governing statute . . . upon which a generation of patent applicants have relied." *Id.*

After argument, the Federal Circuit unanimously reversed, concluding that "'improper revival may not be raised as a defense in an action involving the validity or infringement of a patent.'" Pet. App. 5a. "Improper revival" falls into neither Section 282(2) nor (4) of the Patent Act, the Federal Circuit reasoned. The propriety of revival falls

outside of Section 282(2), because it does not constitute a "condition for patentability" as codified by Title 35 and interpreted by this Court in *Graham v. John Deere Co.*, 383 U.S. 1 (1966). Pet. App. 7a. The Federal Circuit explained: "It has long been understood that the Patent Act sets out the conditions for patentability in three sections: sections 101, 102, and 103." Pet. App. 7a. While there exist other requirements for a valid, enforceable patent, only Sections 101, 102, and 103 constitute so-called "conditions for patentability." Pet. App. 7a. The propriety of an application's revival by the PTO is not among those conditions. Pet. App. 8a.

The Federal Circuit further held that "improper revival" does not fit into Section 282(4) and that the district court's contrary finding overlooked "the fundamental requirement of the subsection—namely, that the act or fact is '*made*' a defense by the title." Pet. App. 8a (emphasis added). Omitting that requirement, the Federal Circuit reasoned, would render Section 282(1), (2), and (3) superfluous. "If, as IGT suggests, Congress truly intended to permit any provision of title 35 to constitute a defense in an action involving the validity or infringement of a patent, it could have simply said, in one paragraph rather than four, that a defense lies in 'any section of this title.'" Pet. App. 8a-9a.

"The salient question, then, is whether improper revival is 'made a defense' by title 35. We think that it is not." Pet. App. 9a. The Federal

Circuit found that Sections 371 and 133, unlike certain other provisions in the Patent Act, bear no sign of Congress's intent to create a defense of invalidity or noninfringement, Pet. App. 9a, discussing, among other provisions, 35 U.S.C. § 273 ("It shall be a defense to an action for infringement under section 271 of this title."); 35 U.S.C. § 185 ("A United States patent issued to such person . . . shall be invalid."). Rather than signal Congress's intent to provide a *defense* to accused infringers, the Federal Circuit explained, Sections 371 and 133 "merely spell out under what circumstances a patent application is deemed abandoned during prosecution and under what that circumstances it may be revived." Pet. App. 9a-10a.

Having rejected IGT's arguments that "improper revival" is a defense under Section 282(4), the Federal Circuit stated its holding: "Because the proper revival of an abandoned application is neither a fact or act made a defense by title 35 nor a ground specified in part II of title 35 as a condition of patentability, we hold that improper revival may not be asserted as a defense in an action involving the validity or infringement of a patent." Pet. App. 10a.

The Federal Circuit noted that its holding that "improper revival" is not a defense under Section 282 comports with the principle that "'procedural lapses during examination, should they occur, do not provide grounds of invalidity.'" Pet. App. 10a (quoting *Magnavision, Inc. v. Bonneau Co.*, 115 F.3d 956, 960 (Fed. Cir. 1997)). The Federal

Circuit emphasized that "there is good reason not to permit procedural irregularities" during a patent prosecution to provide a basis for invalidity. Pet. App. 10a-11a. Once a patent issues, "procedural minutiae of prosecution have little relevance to the metes and bounds of the patentee's right to exclude." Pet. App. 11a. "If any prosecution irregularity or procedural lapse, however minor, became grist for a later assertion of invalidity," the Federal Circuit warned, "accused infringers would inundate the courts with arguments relating to every minor transgression they could comb from the file wrapper." Pet. App. 11a.[2]

The Federal Circuit also observed, in dicta, that "Section 282 is not the only source of the defenses in the Patent Act," and that the Federal Circuit has "held, on occasion, that a provision of the Patent Act not falling within the literal scope of section

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[2] The Federal Circuit stressed, however, that where the procedural irregularity in a patent's prosecution involved affirmative misrepresentations of material fact or failure to disclose material information, coupled with intent to deceive, "it may rise to the level of inequitable conduct and is redressible under that standard." Pet. App. 11a. The Federal Circuit also noted that while it rejected "prosecution irregularities" as an invalidity defense, the quite distinct defense of "prosecution laches" remains available. Pet. App. 10a-11a n.4. Under that equitable defense, an "unreasonable and unexplained delay in prosecution" might render the patent unenforceable. *Id.* (citation and internal quotation marks omitted). As discussed further below, IGT has asserted both of these equitable defenses—inequitable conduct and prosecution laches—on remand in the district court's ongoing proceedings.

282 may nevertheless provide a defense of noninfringement or invalidity." Pet. App. 12a. As an example, the Federal Circuit cited *Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577, 1584 (Fed. Cir. 1995), which held that "a patentee who improperly enlarged the scope of its claims during reexamination, in violation of 35 U.S.C. § 305, subjected himself to a defense of invalidity, because any other result would render the prohibition against broadening claims in section 305 meaningless." Pet. App. 12a (brackets and internal quotation marks omitted). The Federal Circuit further explained that "none of the considerations that led us to the rule enunciated in *Quantum* compels a similar result here." Pet. App. 13a. The primary concern in *Quantum* was that a failure to impose invalidity for violation of the statute would encourage noncompliance. Pet. App. 13a. "That concern is not present here, as we discern no legitimate incentive for a patent applicant to intentionally abandon its application, must less to attempt to persuade the PTO to improperly revive it." Pet. App. 13a. Because the patent term runs from the application date, rather than issuance, abandoning the application would "only serve to shorten the applicant's right to exclude." Pet. App. 13a.

Finally, the Federal Circuit rejected as "unpersuasive" IGT's argument that the PTO's revival decision is subject to judicial review. Pet. App. 13a. Although only briefly addressed at the conclusion of the Federal Circuit opinion, this antecedent issue constitutes an independent

ground for the decision because if the PTO's revival decision is not subject to judicial review, then the district court could not have found the PTO's revival decision improper. Consistent with its apparent view that the PTO's revival decisions are not judicially reviewable, the Federal Circuit did not reach the issue whether the Patent Act permits the PTO to revive patent applications on the basis of a standard of unintentional delay. Pet. App. 5a n.2.

Having concluded that "improper revival" is not a defense under Section 282, and that in any event the PTO's revival decisions are not subject to judicial review, the Federal Circuit reversed and "remanded for proceedings consistent with this opinion." Pet. App. 15a.

IGT petitioned for panel rehearing and rehearing en banc, which the court of appeals denied without dissent.

4. On remand from the Federal Circuit, proceedings have resumed in the district court, and the parties have jointly proposed a case schedule that includes a trial commencing, at the latest, on November 30, 2009. Under the proposed schedule, IGT's pending motions for summary judgment based on prosecution laches and non-infringement will be heard in June or July 2009. In addition, IGT has proposed a bench trial on inequitable conduct in June 2009.

## REASONS FOR DENYING THE WRIT

### I. THE PETITION IS A DEFECTIVE VEHICLE

IGT's petition is a defective vehicle for reaching the purported question presented. First, the decision of the Federal Circuit rests on alternative grounds, such that this Court's review of the question presented can not affect the outcome of this case. Second, the interlocutory nature of the Federal Circuit decision warrants denial of the petition, because ongoing proceedings in the district court may moot the question presented. Third, the question presented impermissibly expands the scope of issues actually raised before the Federal Circuit. Finally, the decision below can be sustained on additional alternative grounds that were not considered by the Federal Circuit.

#### A. Review by This Court of IGT's Question Presented Can Not Affect the Outcome of This Case Because the Federal Circuit Decision Rests on Alternative Grounds

Aristocrat argued in the Federal Circuit that the PTO's grant of revival of the '215 patent application is not subject to judicial view under the Administrative Procedure Act. *See* Aristocrat C.A. Br. 23-24. The heading for this argument was "The District Court Erred By Finding The PTO's Grant of Revival Subject To Review Under The Administrative Procedure Act." *Id.* at 23. IGT in

response argued that "[t]he PTO's revival decisions are not exempt from judicial review." IGT C.A. Br. 27, reprinted at Br. Opp'n App. 1a. (The full text of the APA argument from IGT's C.A. Brief is reproduced in the attached appendix at 1b-3b.)

The issue—whether the APA foreclosed judicial review of the PTO's revival decision in this case—having been squarely joined, the Federal Circuit addressed it and expressly rejected IGT's argument: "We have considered IGT's arguments attempting to bolster the district court's decision under the APA, but we find them unpersuasive. Under the circumstances of this case, the APA provides no relief to IGT." Pet. App. 13a. The Federal Circuit's rejection of IGT's arguments, and its statement that the "APA provides no relief to IGT," means that the Federal Circuit concluded that the APA does not provide for judicial review of the PTO's revival decision in this case.

IGT does not seek review in this Court of the Federal Circuit's determination that the PTO's revival decision is not judicially reviewable. For that reason, even if this Court were to review and reverse the Federal Circuit's decision that an "improper revival" is a defense for purposes of Section 282(2) and (4), it would not affect the outcome of this case, because the Federal Circuit's decision that the APA forecloses judicial review of the PTO's allegedly "improper revival" of the '215 patent would still stand—and with it the Federal Circuit's reversal of the district court's summary judgment in favor of IGT.

### B. Ongoing District Court Proceedings on Remand May Moot the Question Presented

The Federal Circuit's decision is interlocutory rather than final because it reversed the district court's summary judgment in favor of petitioners and remanded for further proceedings, including a trial on the merits. The question presented is therefore not ripe for review. *Cf. Bhd. of Locomotive Firemen v. Bangor & Aroostook R.R.*, 389 U.S. 327, 328 (1967) (per curiam) (denying certiorari "because the Court of Appeals remanded the case," making it "not yet ripe for review by this Court"). As this Court recognized long ago, "many orders made in the progress of a suit become quite unimportant by reason of the final result, or of intervening matters." *Am. Constr. Co. v. Jacksonville, T. & K.W. Ry.*, 148 U.S. 372, 384 (1893).

If the district court grants either of IGT's pending motions for summary judgment, that will moot the question presented. Even if those motions are denied, the question presented could be mooted by a district court finding of inequitable conduct on the part of Aristocrat, which would render the patents unenforceable, or by a jury verdict of noninfringement when the case goes to trial in November 2009. And even if the jury returns a verdict of infringement, that might still be set aside by the district court on a post-judgment motion, or by the Federal Circuit on appellate review of the

district court's denial of IGT's post-judgment motions.

*If* IGT's pending motions for summary judgment are denied, *if* the district court rejects IGT's defense of inequitable conduct, *if* the jury returns a verdict of infringement, and *if* the district court denies IGT's post-judgment motions, IGT may seek review of the final judgment in the Federal Circuit, and, *if* unsuccessful in that court, ultimately, file a new petition for a writ of certiorari based on that judgment, raising the question presented in its current, premature petition. IGT presents no reason for this Court to assert its certiorari jurisdiction at this intermediate stage of the proceedings, when any number of events in the district court or the Federal Circuit may render review by this Court entirely unnecessary.

### C. IGT's Question Presented Is Broader Than the Section 282 Issue Raised by IGT Below and Addressed in the Federal Circuit's Holding

Before the Federal Circuit, IGT argued that "improper revival" is an available invalidity defense under Section 282(2) and (4). *See* IGT C.A. Br. 18-23. IGT did not argue that "improper revival" is an available defense *independent* of Section 282. Accordingly, the Federal Circuit's holding is limited to IGT's arguments, which were based exclusively on Section 282(2) and (4). *See* Pet. App. 10a. ("Because the proper revival of an abandoned

application is neither a fact or act made a defense by title 35 nor a ground specified in part II of title 35 as a condition of patentability, we hold that improper revival may not be asserted as a defense in an action involving the validity or infringement of a patent.").

IGT's question presented to this Court, however, conspicuously omits any reference to Section 282: "Whether a patent infringement defendant may assert a defense that the patent resulted from an abandoned application that was not revived under the statutory standard." Pet. i. In so formulating the question presented, IGT has attempted to elide the textual features of Section 282 that are the basis for the Federal Circuit's holding. Thus, while IGT repeats the arguments that it made below—that "improper revival" is an available invalidity defense under Section 282(2) and 282(4), *see* Pet. 9-15 (point headings I.A and I.B)—IGT makes the additional (and new) argument under point heading I.C (Pet. 15-17) that "[t]he Federal Circuit failed to recognize that §§ 371(d) and 133 themselves provide an invalidity defense to an infringement claim by requiring a showing of unavoidable delay to avoid abandonment for failure to meet statutory deadlines." Pet. 15.

As explained above, the textual features of Section 282(2) and (4) are critical to the Federal Circuit's actual holding. IGT cannot now raise the invalidity defense of "improper revival" that is untethered to Section 282(2) and (4) when it did not

raise the issue below. Because IGT's question presented is not grounded in Section 282, and because IGT's petition correspondingly argues that its defense of "improper revival" can be considered *independent* of Section 282, IGT seeks to raise an issue that it did not raise below, and that is outside the scope of the holding of the Federal Circuit.

### D. The Decision Below Can Be Sustained on Additional Alternative Grounds Not Considered by the Federal Circuit

Even if the decision below did not rest on alternative grounds, there would be no need for this Court to decide the question presented because the decision below can be sustained on the basis of additional alternative grounds not reached by the Federal Circuit: that 35 U.S.C. § 41(a)(7) authorizes the PTO to revive patent applications under a standard of "unintentional delay." Because Section 41(a)(7) authorized the PTO's revival of Aristocrat's patent application, IGT's question presented—which assumes that the PTO's quarter-century old regulation interpreting Section 41(a)(7) is invalid—is entirely academic.

In its *amicus curiae* brief in the court of appeals, the PTO explained why Section 41(a)(7) authorizes it to revive patent applications under a standard of "unintentional delay." Prior to 1982, the only way that an abandoned patent application could be revived was to satisfy a statutory standard of "unavoidable" delay reflected in 35 U.S.C. §§ 133

and 151. PTO *Amicus Curiae* C.A. Br. 4. In 1982, Congress amended the Patent Act to provide for an alternative standard for revival: "unintentional delay." Congress did so by amending 35 U.S.C. § 41(a)(7), which as amended provided for a high fee for revival petitions based on "unintentional delay," and a significantly (by a factor of ten) lower fee for revival petitions based on Sections 133 or 151 of the Patent Act, which employ a standard of "unavoidable delay." *See* PTO *Amicus Curiae* C.A. Br. 5. As updated to reflect fee increases, Section 41(a)(7) provides:

> (a) The Director shall charge the following fees:
>
> * * *
>
> (7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, $1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be $110.

35 U.S.C. § 41(a)(7).

The relevant legislative history confirms that in the 1982 amendment to Section 41(a)(7), Congress established an alternative standard for patent application revivals:

> "Section 41(a)(7) establishes two different fees for filing petitions with different standards to revive abandoned patent applications. The same two fees are applicable to petitions to accept the delayed payment of the fee for issuing a patent. The fees set forth in this section are due on filing the petition. *Since the section provides for two alternative fees with different standards, the section would permit the applicant seeking revival or acceptance of a delayed payment of the fee for issuing a patent to choose one or the other of the fees and standards under such regulations as the Commissioner may established.*"

PTO *Amicus Curiae* C.A. Br. 14 (quoting H.R. Rep. No. 97-542, at 6-7 (1982)) (emphasis added).

Shortly after the 1982 amendment to Section 41(a)(7), the PTO promulgated 37 C.F.R. § 1.137. *See* 47 Fed. Reg. 41,272, 41,277-81 (Sept. 17, 1982). The regulation, which remains in force today, "precisely mirrors" the alternative standards established in Section 41(a)(7). PTO *Amicus Curiae* C.A. Br. 16.

In notice-and-comment rulemaking preceding PTO's promulgation of 37 C.F.R. § 1.137, a commenter "questioned whether the [PTO] has statutory authority to revive unintentionally abandoned applications." The PTO replied:

> If Congress did not intend the [PTO] to have such authority there would have been no reason to establish fees in Section 41(a)7 in H.R. 6260. The legislative history of H.R. 6260, House Report No. 97-542 (Committee on the Judiciary), also makes the Congressional intent clear. The provisions in H.R. 6260 relating to unintentional abandonment are substantive in addition to setting the fee.

47 Fed. Reg. 33,086, 33,094 (July 30, 1982).

As the PTO further explained in the court of appeals below, Section 41(a)(7) plainly authorizes the PTO's "unintentional delay" standard in 37 C.F.R. § 1.317:

> [Section] 47(a)(7) clearly authorizes the USPTO to permit the revival of unintentionally abandoned patent applications, whether abandoned for failing to meet the requirements of § 133 or § 371(d). The plain language of § 41(a)(7) shows that it has a two alternative structure: (1) a first alternative, which provides for the revival of patent applications under the unintentional delay standard; and (2) a second alternative which provides for the revival of patent applications under the unavoidable delay standard. This interpretation is supported

> by the fact that, when it enacted § 41(a)(7), Congress expressly stated that it was establishing "two different fees" for administering two "different standards," and that a petitioner could "choose" between these standards. There were no other provisions in Title 35 that permitted the revival of unintentionally abandoned patent applications when § 41(a)(7) was enacted in 1982. Accordingly, if § 41(a)(7) were as limited as the District Court held, then Congress was establishing a fee for a petition on which the USPTO had no authority to act. Instead, § 41(a)(7) authorized the alternative of revival for unintentional delay.

PTO *Amicus Curiae* C.A. Br. 8-9.[3] Finally, the PTO also noted that to the extent "any ambiguities or gaps" exist between Section 41(a)(7) and the other provisions of Title 35, "the PTO's reasonable and contemporaneous interpretation of its governing statute is entitled to *Chevron* deference." *Id.* at 9.

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[3] The leading treatise on Patent Law supports the PTO's reading of Section 41(a)(7). *See* 4 Donald S. Chisum, *Chisum on Patents* § 11.02[1][d][ii], at 11-67 (2005) (citing § 41(a)(7)) ("The 1982 statute granted greater authority to the Commissioner to revive abandoned applications. The statute and implementing rules provide a fee . . . for petitions to revive applications abandoned 'unintentionally' and a lower fee . . . for petitions to revive applications abandoned 'unavoidably.'").

Moreover, Congress has expressly ratified the PTO's interpretation of Section 41(a)(7). In 1999, Congress amended Section 41(a)(7) to reverse a PTO decision that prohibited a party from invoking Section 41(a)(7) in reexamination proceedings. In doing so, it ratified the PTO's interpretation of Section 41(a)(7) as authorizing it to revive patent applications deemed abandoned by late fee payments on the basis of a standard of "unintentional delay."

In *In re Katrapat Ag*, 6 U.S.P.Q.2d 1863, 1988 WL 252497 (Comm'r Pat. & Trademarks 1988), the PTO was asked to revive a patent abandoned because of delayed response by a patent owner in a reexamination proceeding. The PTO determined that it could only revive a patent abandoned during reexamination if the patent owner could establish "unavoidable" delay under Section 133 (the statutory provision Section 305, governing reexaminations, incorporated by reference). *Id.* at *5-*6. The PTO did *not* question that Section 41(a)(7) was a substantive grant of authority to revive abandonments otherwise governed by Section 133. Instead, it held that a patent owner could not rely on Section 41(a)(7) to revive for an unintentional abandonment in a reexamination proceeding because Section 41(a)(7) by its terms only applied to abandonment during the application process or for failure to pay the issuance fee. *Id.* at *6; *see also In re Egbers*, 6 U.S.P.Q.2d 1869, 1871, 1988 WL 252498, at *3 (Comm'r Pat. & Trademarks 1988) ("A terminated reexamination proceeding" may not be revived "for

'unintentional' delay under § 41(a)(7)."); *Manual for Patent Examining Procedures* ("M.P.E.P.") § 2268, at 2200-66 (6th ed., 3rd rev., July 1997) (petition to revive in reexamination proceedings may be granted only by showing unavoidable abandonment as described in *Katrapat*).

In 1999, Congress overruled *Katrapat* by amending Section 41(a)(7) to add "an unintentionally delayed response by the patent owner in any reexamination proceeding" as a circumstance in which a petition for revival could be filed. District of Columbia Appropriations Act, Pub. L. No. 106-113, § 1000(a)(9) & App. I (§ 4605(a)), 113 Stat. 1501, 1536, 1501A-570 (1999). Congress made clear that it intended its amendment to authorize the PTO to revive unintentionally abandoned reexamination proceedings. It explained that the statutory provision

> amends 35 U.S.C. § 41(a)(7) to provide the authority for the Director to accept the filing of an unintentionally delayed response by the patent owner in a reexamination proceeding and for charging a fee for such filing.

H.R. Rep. No. 105-39, at 80 (1997) (emphasis

added).[4]

By expanding an existing provision that had a settled, and indeed unquestioned, administrative interpretation, Congress's conduct can be understood as nothing but legislative ratification of the agency's view. "Where, as here, 'Congress has not just kept its silence by refusing to overturn the administrative construction, but has ratified it with positive legislation,' we cannot but deem that construction virtually conclusive." *CFTC v. Schor*, 478 U.S. 833, 846 (1986).

In sum, IGT's question presented is of practical significance *only* if the PTO's interpretation of Section 41(a)(7) reflected in 37 C.F.R. § 1.317 is both wrong and not entitled to any deference. That is to say, any decision by this Court reversing the Federal Circuit on the question presented would be of no significance—to the parties or anyone else—*unless* the Federal Circuit on remand, or this Court on subsequent review, were to hold that the PTO's interpretation of Section 41(a)(7) in 37 C.F.R. § 1.317(b) is both wrong and not entitled to any deference. Because the PTO's interpretation is both correct and entitled to deference, and because

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[4] In response to this statutory amendment, the PTO amended both Section 1.137 and the M.P.E.P. to make clear that the unintentional abandonment standard applies to petitions to revive abandonments occurring in reexamination proceedings. *See* 65 Fed. Reg. 57,024, 57,034 (Sept. 20, 2000); M.P.E.P. § 268, at 2200-124 to -125 (8th ed., 7th rev., July 2008) (adding discussion of unintentional abandonment for reexaminations based on revisions to 37 C.F.R. § 1.137).

Congress has expressly ratified that interpretation, the decision below can be sustained on that alternative ground and IGT's question presented is of only hypothetical interest.

## II. "IMPROPER REVIVAL" IS NOT AN INVALIDITY DEFENSE UNDER SECTION 282 OR OTHERWISE

The Federal Circuit correctly held that "improper revival" is not a defense under Section 282(2) and (4). And contrary to IGT's newly-raised argument, "improper revival" is not a defense outside of the context of Section 282.

### A. "Proper Revival" Is Not a "Condition for Patentability" Under Section 282(2)

Section 282 authorizes an invalidity defense "on any ground specified in part II of this title as a condition for patentability." 35 U.S.C. § 282(2). Thus, to fall within Section 282(2), a purported invalidity defense must be: (1) "in part II" of Title 35; and (2) "a condition for patentability." The Federal Circuit correctly held that compliance with Section 133 does not constitute a "condition for patentability" as defined by the Patent Act and interpreted by this Court in *Graham*, 383 U.S. 1.

As the Federal Circuit observed, "[i]t has long been understood that the Patent Act sets out the conditions for patentability in three sections: sections 101, 102, and 103." Pet. App. 7a (citing

*Graham*, 383 U.S. at 12). In a novel spin on *Graham*, IGT asserts that "while *Graham* states that novelty, utility, and nonobviousness are conditions for patentability, that does not mean they are the only such conditions." Pet. 13 (emphasis in the original). Indeed, it does. Both the language and context of the *Graham* decision make clear that the phrase "condition for patentability encompasses only Sections 101, 102, and 103, and no more. In view of IGT's remarkable characterization of *Graham*, the relevant passages bear quoting in full:

> After a lapse of 15 years, the Court again focuses its attention on the *patentability* of inventions under the standard of Art. I, § 8, cl. 8, of the Constitution and under the conditions prescribed by the laws of the United States. Since our last expression on patent validity, the Congress has for the first time expressly added a *third* statutory dimension to the two requirements of novelty and utility that had been the *sole* statutory test since the Patent Act of 1793.
>
> * * *
>
> *The Act sets out the conditions of patentability in three sections.* An analysis of the structure of *these three sections* indicates that *patentability is dependent upon three explicit conditions*: novelty and utility as articulated and defined in § 101 and § 102, and nonobviousness, the new statutory formulation, as set out in § 103.

* * *

> While the ultimate question of patent validity is one of law, *the § 103 condition, which is but one of three conditions, each of which must be satisfied,* lends itself to several basic factual inquiries.

383 U.S. at 3, 12, 17 (citations omitted and emphases added). Although IGT relies upon *Graham's* statement that "[a]pparently Congress agreed with Jefferson . . . that the courts should develop additional conditions for patentability," *id.* at 10, *see* Pet. 13, the only "additional condition[ ]" that courts developed between 1790 and today was nonobviousness, which Congress codified in Section 103 in 1950.

IGT further argues that the Federal Circuit itself has recognized conditions for patentability beyond those enumerated in *Graham*. IGT points (Pet. 13) to the Federal Circuit's statement that Section 101 of the Patent Act requires not only utility, but that the "invention be directed to patentable subject matter." Pet. App. 7a n.3. *Graham's* reference to utility under Section 101 can only be understood as a shorthand reference to both requirements of Section 101. Similarly, IGT points to the stray remark in *Figueroa v. United States*, 466 F.3d 1023 (Fed. Cir. 2006), that "[f]ees have been an accepted condition of patentability since the first patent statute was enacted in 1790." *Id.* at 1031. *Figueroa* merely involved the power of the PTO to set fees and did not involve a question of invalidity under Section 282.

IGT goes to considerable lengths (Pet. 14) to muddle the boundary, recognized by the Federal Circuit below, between "conditions of patentability," as used both by Congress and the courts, and "requirements for obtaining a valid patent." Pet. App. 7a-8a. As the Federal Circuit explained, the Patent Act clearly distinguishes between conditions for *patentability* and other requirements for obtaining the patent grant. *See* Pet. App. 7a (discussing the titles of Chapter 10 and Sections 101-103); *see also* Title 35, Part II ("Patentability of Inventions and Grant of Patents"). Section 282 makes similar distinctions. The Federal Circuit correctly observed that Section 282 "draws a distinction between invalidity based 'on any ground specified in part II of this title as a condition for patentability,' 35 U.S.C. § 282(2), and invalidity 'for failure to comply with any requirement of sections 112 or 251,' 35 U.S.C. § 282(3)." Pet. App. 8a (citing *Sextant Avionique, S.A. v. Analog Devices, Inc.*, 172 F.3d 817, 829 (Fed. Cir. 1999)). Reading "condition for patentability" in Section 282(2) to encompass all requirements for obtaining a patent, would render subsection 3 of Section 282 superfluous. Multiple provisions in Section 112 adequate description, enablement, definiteness bear on *every* patent application. Those general requirements for obtaining a patent are specifically called out in Section 282(3), and thus expressly excluded from Section 282(2). The structure of Section 282 thus confirms that "conditions of patentability" for purposes of Section 282(2) cannot encompass *every* prerequisite for a valid patent.

As IGT would have it, a "condition for patentability" simply means any requirement specified in part II of Title 35. Accordingly, IGT argues, failure to comply with any such prerequisite—no matter what—creates an invalidity defense during litigation. IGT's untenable position conflates "patentability" with patent grant. The two are distinct, as the Federal Circuit correctly determined.

### B. "Improper Revival" Is Not "Made a Defense" Within the Meaning of 35 U.S.C. § 282(4)

IGT's argument with respect to Section 282(4) hinges on the term "shall" in Sections 371(d) and 133. IGT insists by including "shall" in Section 371(d)—"shall be regarded as abandonment"—Congress somehow made "improper revival" a defense to infringement in Section 282(4). Pet. 9-10. To be sure, "shall" signals the language of command (*see Escoe v. Zerbst*, 295 U.S. 490, 493 (1935)), but not the command that IGT proposes. The plain language of Section 371(d), as well as Section 133, indicates that an application will be deemed *abandoned* for failure to comply with the requirements of those provisions. That an application "shall be regarded as abandoned," however, does not mean that the resulting abandonment is "made a defense by this title" for purposes of Section 282(4)

IGT makes no attempt to refute the Federal Circuit's careful textual analysis of Section 282(4). The Federal Circuit concluded that "improper revival" is not "made a defense" by Title 35 for two reasons. First, IGT's argument that any violation of Title 35 is "made a defense" for purposes of Section 282(4) would render Section 282(1) through (3) surplusage. Pet. App. 8a-9a. Second, "Congress made it clear in various provisions of [Title 35] when it intended to create a defense of invalidity or noninfringement, but indicated no such intention in the statutes pertaining to revival of abandoned applications." Pet. App. 9a. Thus, as the court of appeals observed, in various provisions Congress has expressly identified "act[s] or fact[s]" as constituting a defense of noninfringment or invalidity. *See* Pet. App. 9a (citing 35 U.S.C. §§ 273, 185, 272). "This list goes on," the court noted. Pet. App. 9a. "[S]ections 133 and 371, relied upon by IGT, provide none of the signals that Congress has given in other circumstances to indicate that these sections provide a defense to an accused infringer." Pet. App. 9a. Rather, "these provisions merely spell out under what circumstances a patent application is deemed abandoned during prosecution and under what circumstances it may be revived." Pet. App. 9a-10a.

Moreover, "shall be regarded as abandoned" differs dramatically from "shall be invalid." If nothing else, Congress's clear indication of the consequences of noncompliance with other provisions, such as Section 185—the patent "shall be invalid"—and lack of such an indication in

Sections 371 and 133 must be presumed meaningful. *See Sosa v. Alvarez-Machain*, 542 U.S. 692, 712 n.9 (2004) (stating that there is a "usual rule that when the legislature uses certain language in one part of the statute and different language in another, the court assumes different meanings were intended" (internal quotations omitted)).

Indeed, perhaps the most telling example of Congress's careful delineation of "defenses" in the Patent Act is found in the penultimate sentence of Section 282, which provides that the failure of the PTO to comply with the statutory requirements for extending a patent term "shall be a defense" to patent infringement during the term of the extension. Congress could have, but chose not to, similarly make failure of the PTO to comply with statutory requirements for revival of a patent an express defense. The Federal Circuit correctly determined that alleged "improper revival" is not a defense under the Patent Act for purposes of Section 282(4).

### C. Sections 371(d) and 133 Do Not Provide an Invalidity Defense

As noted above, IGT did not argue below that Sections 371(d) and 133 provide a defense *outside* of the context of Section 282(2) and 282(4). Nevertheless, IGT argues that under the reasoning of *Quantum Corp.*, 65 F.3d 1577, Sections 371(d) and 133 should provide such a defense.

In *Quantum*, the Federal Circuit held "a patentee who improperly enlarged the scope of its claims during reexamination, in violation of 35 U.S.C. § 305, subjected himself to a defense of invalidity, because any other result would render the prohibition against broadening claims in section 305 meaningless." Pet. App. 12a (brackets and internal quotation marks omitted). *Quantum* guards against broadening the scope of the claims—the heart of the metes and bounds of the invention—rather than an ancillary procedural matter, a delay in paying the fee. The Federal Circuit explained that "none of the considerations that led us to the rule enunciated in *Quantum* compels a similar result here." Pet. App. 13a.

The Federal Circuit found the noncompliance concerns underlying claim broadening during reexamination to be absent in the context of abandonment for failure to timely pay a fee. Pet. App. 13a. The fact that a patentee abandoned an application—which, as here, the PTO later revived—has no impact on the scope of its exclusive rights. Pet. App. 13a. Assuming the revival involves no inequitable conduct, a patent that matures from an abandoned and revived application will suffer from a shorter lifespan, not enjoy a broadened scope. Pet. App. 13a.

More importantly, *Quantum* offers no refuge to IGT because *Quantum* itself conflicts with the principle that "Congress, not the courts, must define the limits of patentability." *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S.

124, 130 (2001). In Section 282, Congress declared that patents issued by the PTO are presumptively valid, and then identified exactly four categories of defenses to presumptively valid patents:

> The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:
>
> (1) Noninfringement, absence of liability for infringement or unenforceability,
>
> (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
>
> (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,
>
> (4) Any other fact or act made a defense by this title.

35 U.S.C. § 282. As failure to comply with Sections 371(d) and 133 are not identified by subsections (1), (2), and (3) as grounds for asserting a defense to infringement, and as failure to comply with Sections 371(d) and 133 is "not made a defense by this title," no court has authority to create such a defense based on the policy considerations advanced by IGT.

## III. IGT'S AND *AMICI'S* POLICY CONCERNS ARE MISPLACED

IGT and *amici* exaggerate the import and consequences of the decision below. Contrary to their assertions, the decision below, which involves an issue that only infrequently surfaces in patent litigation, will not burden the public, encourage the intentional abandonment of patent applications, or defeat other provisions of the Patent Act.

### A. Purported "Improper Revival" Is Not a Frequently Recurring Issue in Patent Litigation and Has Not Burdened the Public

In the quarter-century since Congress's amendment to 35 U.S.C. 41(a)(7), the PTO has revived approximately 73,000 lapsed patent applications based on a legal standard of "unintentional delay," and of these approximately 56% have ultimately issued as patents. PTO *Amicus Curiae* C.A. Br. 2. If this long-standing state of affairs in patent law is the crisis that IGT and *amici* claim, it is most odd that this crisis has escaped the attention of Congress, the PTO, the Federal Circuit, and other defendants charged with infringement of patents revived under the "unintentional delay" standard.

Indeed, IGT and *amici* cite only one other case in which it was asserted that the PTO could not revive a patent application on the basis of the "unintentional delay" standard: *N.Y. Univ. v.*

*Autodesk, Inc.*, 466 F. Supp. 2d 563 (S.D.N.Y. 2006).[5] To Aristocrat's knowledge, this case and *Autodesk* are the only two cases (reported or otherwise) where a defendant has asserted an "improper revival" defense grounded on the argument that the PTO may not revive a patent application on the basis of the standard of "unintentional delay."[6]

Given that the PTO has revived patent applications on the basis of the "unintentional delay" standard for over twenty-five years, it is impossible to take seriously IGT's assertion that this legal standard will "reduce the efficiency of the PTO's operations." And as the PTO's regulation (37 C.F.R. § 1.317(b)) establishing the "unintentional

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[5] *Amici* also cite *Lawman Armor Corp. v. Simon*, No. 04-CV-72260, 2005 WL 1176973, at *6 (E.D. Mich. Mar. 29, 2005), and *Field Hybrids, LLC v. Toyota Motor Corp.*, No. CIV. 03-4121, 2005 WL 189710, at *5 (D. Minn. Jan. 27, 2005). In neither of these cases was the statutory standard for revival at issue. Instead, in both cases the patent infringement defendant asserted that the PTO's revival of the patent in suit was erroneous under the "unintentional delay" standard because the delay was, in fact, intentional.

[6] *Amici* claim that they "have been the targets of infringement litigation by parties who take advantage of the PTO's practice (held unlawful by the district court below) of reviving abandoned applications merely upon a declaration of 'unintentional' delay." *Amicus* Br. 17. *Amici* offer no explanation, however, as to why they never asserted that revival based on the standard of "unintentional delay" is improper, or why the doctrine "inequitable conduct" is unavailing in cases where patent applicants mislead the PTO into reviving intentionally abandoned applications.

delay" standard is presumptively valid, it strains credulity for IGT to assert that competitors may reasonably assume that only the "unavoidable delay" standard applies and "that a failure to timely pay the required fee has resulted in an abandoned application that is unlikely to be revived." Pet. 16.

### B. The Federal Circuit Decision Will Not Encourage Intentional Abandonment of Patent Applications

IGT and *amici* assert that the decision below will encourage *intentional* abandonment of patent applications. Pet. 16; *Amicus* Br. 14. Patent applicants would do so at their own peril, because the PTO can and does scrutinize revival petitions. Although the PTO relies "upon the applicant's duty of candor and good faith" in submitting its petition, it "reserve[s] the authority to require further information concerning the cause of the abandonment and delay in filing a petition to revive." M.P.E.P. § 711.03(c)(C), at 700-191 (8th ed., 6th rev., Sept. 2007). Thus, the PTO will reject an application if the applicant cannot prove that the abandonment was unintentional. *Id.* § 711.03(c)(C), at 700-192. On numerous occasions, the PTO has denied applicants' petitions to revive applications for unintentional delay. *See, e.g., In re Application of Wodarz*, App. No. 09/414,630, 2006 Commr. Pat. LEXIS 24 (Comm'r Pat. & Trademarks Oct. 27, 2006); *In re Application of Mark V. Dahl*, App. No. 10/046,427, 2006 Commr.

Pat. LEXIS 21 (Comm'r Pat. & Trademarks May 18, 2006); *In re Application of Welchselbaum, Kufe*, App. No. 09/545,071, 2006 Commr. Pat. LEXIS 22 (Comm'r Pat. & Trademarks May 3, 2006); *In re Application of Honegger*, App. No. 09/235,374, 2006 Commr. Pat. LEXIS 18 (Comm'r Pat. & Trademarks Mar. 20, 2006); *In re Reissue Application No. 09/442,083*, 2006 Commr. Pat. LEXIS 23 (Comm'r Pat. & Trademarks Feb. 10, 2006); *Sehgal v. Revel*, 78 U.S.P.Q.2d 1954, 2005 WL 3121467 (Bd. Pat. App. & Interf. 2005).

Moreover, even if a petitioner succeeds in persuading the PTO that its intentionally abandoned application was unintentionally abandoned, such misrepresentations to the PTO would amount to inequitable conduct and could be asserted as an equitable defense in any infringement action later brought on the patent, as the Federal Circuit recognized. Pet App. 11a. Thus, *amici*'s assertion (*Amicus* Br. 6, 10) that the Federal Circuit decision allows deliberately abandoned patent applications to be enforced is wrong.

### C. The Ruling Below Does Not Undermine Other Patent Act Provisions or Defeat the Purpose of the Patent Act

IGT asserts that the decision below undermines other important Patent Act provisions, and more broadly defeats the purpose of the Patent Act. All of these assertions miss the mark.

IGT speculates that the "expiration of a patent will be not be an available defense in an infringement suit." Pet. 17. But an "expired" patent differs critically from a "revived" patent. The owner of an expired patent has no patent in force to litigate against post-expiration infringements and therefore has no cause of action. By contrast, a patent issued by the PTO on the basis of a revived application is presumptively valid.

IGT asserts that a patent that "mistakenly" issues from an abandoned provisional patent application may be enforced. Pet. 17-18. This highly-contrived Section 115(b)(5) hypothetical scenario assumes that the PTO would revive such an abandoned provisional patent application, notwithstanding Section 115(b)(5)'s express prohibition of such a revival. The PTO's regulations do not provide for such revival, and we are unaware of *any* such "mistaken" revivals of abandoned provisional patent applications. In any event, any deliberate gamesmanship by the applicant in the conversion of an application from

provisional to nonprovisional status may still be addressed in the inequitable conduct framework.

IGT also posits a hypothetical involving an applicant who had requested that its application not be published under Section 122(B)(i), yet continues prosecution after failing to notify the PTO of a foreign filing. As the M.P.E.P. notes: "Any applicant or applicant's representative who makes a false statement (*e.g.*, an improper certification) may be in violation of 37 CFR 10.18(b)." M.P.E.P. § 1122, at 1100-17 (8th ed., 5th rev., Aug. 2006). As with any prosecution irregularity involving the failure to disclose material information to the PTO, there is no reason why such facts cannot be addressed in the context of inequitable conduct.

IGT further asserts that the Federal Circuit's decision will undermine non-statutory double patenting as a viable defense. Pet. 18. But double patenting has roots in Section 101's prohibition against obtaining more than one patent on the same invention. *See, e.g., Ortho Pharm. Corp. v. Smith*, 959 F.2d 936, 940 (Fed. Cir. 1992). Obviousness-type double patenting—a judicially-created doctrine—extends that prohibition to preclude a second patent on an invention that "would have been obvious from the subject matter of the claims in the first patent, in light of the prior art." *Id.* Obviousness-type double patenting originates in a "condition of patentability" and implicates the claimed subject matter. As such, it

is neither comparable to "improper revival" nor affected by the Federal Circuit's decision.

Finally, IGT asserts that "invalid patents" impose costs on innovation and the patent system. Pet. 18-21. Indeed they do. As the Federal Circuit determined, however, purportedly improperly revived patents are not *invalid*, because Congress has in Section 282 expressly identified the circumstances in which presumptively valid patents may be declared invalid in infringement litigation. Purportedly "improper revival" is not such a circumstance. Moreover, as the PTO explained in the court of appeals, revivals according to a standard of "unintentional delay" are not improper; such revivals were expressly authorized by Congress in 35 U.S.C. § 41(a)(7), and the PTO has employed that standard for the last quarter century in 37 C.F.R. § 1.317(b).

## CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be denied.

May 15, 2009

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# APPENDIX

# APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

No. 2006-1016

*Aristocrat Technologies Australia Pty Limited and Aristocrat Technologies, Inc.*

*v.*

*International Game Technology and IGT*

## BRIEF OF DEFENDANTS-APPELLEES INTERNATIONAL GAME TECHNOLOGY AND IGT

Filed February 15, 2008,

[EXCERPT pages 27-30]

### 1. The PTO's revival decisions are not exempt from judicial review.

In its district court briefing, Aristocrat argued that improper revival of an abandoned patent application is not subject to judicial review. JA18; JA628-29. However, at oral argument on IGT's summary judgment motion, Aristocrat waived that argument by acknowledging that courts may review PTO decisions that "exceeded its authority." JA867.

Despite that admission, Aristocrat argues on appeal that the district court lacked authority

under the Administrative Procedure Act ("APA") to address the PTO's revival of the '215 application. Yet, the APA expressly empowers the district courts to "set aside agency action" that is "in excess of statutory jurisdiction, authority, or limitations, or short of statutory right" or that is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law." 5 U.S.C. § 706. Those standards apply precisely to the question confronting the district court — whether a federal agency exceeded its statutory authority and abused its discretion by improperly reviving an abandoned patent application.

Indeed, this Court held in *Morganroth v. Quigg*, 885 F.2d 843, 845-46 (Fed. Cir. 1989), that the PTO's *denial* of a petition to revive a patent application is "subject to review in the district court" under the APA's "contrary to law" standard; see also *Ray*, 55 F.3d at 608. And the district courts consistently have held that the PTO's *grants* of such petitions are subject to review under the APA. *E.g.*, *Autodesk*, 466 F. Supp. 2d at 564-65; *Arrow Int'l v. Spire Biomedical, Inc.*, 443 F. Supp. 2d 182, 185 (D. Mass. 2006); *Lawman Armor Corp. v. Simon*, 2005 WL 1176973, at *3 (E.D. Mich. 2005), appeal dismissed, 172 F. App'x 319 (Fed. Cir. 2006); *Field Hybrids*, 2005 WL 189710, at *6-8.

Aristocrat complains that IGT should have "pleaded an APA claim" and named the government as a defendant, and that IGT raised the APA issue "too late" by first addressing it in its district court reply brief. Blue Br. 23. In fact, IGT does not have an "APA claim"; it simply maintains

that, as the courts cited above have held, the APA authorizes district courts to review the PTO's rulings on petitions to revive abandoned patent applications. None of those cases requires that the government be named as a defendant in subsequent patent infringement litigation. See also *Ragsdale v. Wolverine World Wide, Inc.*, 535 U.S. 81, 86 (2002) (holding in case between private parties that "[a] regulation cannot stand if it is 'arbitrary, capricious, or manifestly contrary to the statute'"). It would unduly burden the PTO if it had to be named a party to every patent infringement suit raising validity issues. IGT first invoked the APA in its reply brief because it had no reason to do so until Aristocrat argued in its response brief that PTO revival decisions are exempt from judicial review. The APA simply provides additional support for the authority given courts by Section 282 to hold patents invalid for improper revival of abandoned applications.

In sum, Aristocrat's view that improper revival is not a defense to patent validity in infringement actions is wrong and would effectively abrogate established limits on agency action. Aristocrat's efforts to block judicial review can only be explained by its fear of a judicial ruling that the PTO lacked statutory authority to revive the '215 application other than for "unavoidable" delay.

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No. 08-1051

# In the Supreme Court of the United States

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INTERNATIONAL GAME TECHNOLOGY
AND IGT,

*Petitioners,*

v.

ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED
AND ARISTOCRAT TECHNOLOGIES, INC.,

*Respondents.*

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**On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit**

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## REPLY TO BRIEF IN OPPOSITION

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Respondents offer no valid reason why this Court should not review the question presented which, as amici attest, is critically important to prevent the improper enforcement of invalid patents.

**1.** None of respondents' attempts to devise a supposed "vehicle" defect has any merit.

First, the decision below does not rest "on alternative grounds." Opp. 13. The Federal Circuit held that failure to revive an abandoned patent application under the proper statutory standard cannot be a defense to an infringement claim. It also found "unpersuasive" petitioners' alternative argument based on the APA. Pet. App. 13a. The Federal Circuit did not rule that the APA barred any judicial determination of petitioners' invalidity defense but only that the APA provides no additional support for the district court's invalidation of the patent claims at issue. Petitioners did not seek judicial review of agency action under the APA. Hence, if their defense is cognizable, and if it has merit (an issue on which the district court ruled in petitioners' favor but the court of appeals did not reach), petitioners are entitled to summary judgment of invalidity on respondents' infringement claims, no matter what the Federal Circuit said about their alternative APA argument.

Second, the Federal Circuit's decision is ripe for review. Respondents (at 15-16) rely on the fact that review is sought from an "interlocutory" summary judgment decision. But 28 U.S.C. § 1254(1) authorizes a grant of certiorari "before or after rendition of judgment or decree" by a federal court of appeals. "The presence of the word 'before' in § 1254(1) signifies that a party aggrieved by such an interlocutory order may seek to invoke certiorari review of that order 'before' entry of a final judgment." EUGENE

GRESSMAN ET AL., SUPREME COURT PRACTICE 81 (9th ed. 2007). Thus, the Court has "express power to review such interlocutory judgments" (*id.* at 81-82), and the Court exercises that power where an issue is "fundamental to the further conduct of the case." *Land* v. *Dollar*, 330 U.S. 731, 734 n.2 (1947). Here, the issue presented is a pure legal issue that is plainly "fundamental to the further conduct of the case" because its resolution determines whether IGT may assert a dispositive defense. Indeed, this Court frequently grants petitions for certiorari from decisions reversing summary judgment, including in such patent cases as *Quanta Computer, Inc.* v. *LG Elec., Inc.*, 128 S. Ct. 2109, 2114-2115 (2008), and *KSR Int'l Co.* v. *Teleflex Inc.*, 550 U.S. 398, 412-413 (2007). These (and many other) certiorari grants from federal court interlocutory orders refute respondents' contention (at 15-16) that the petition should be rejected merely because other defenses are pending in the district court. See *Florida Prepaid Postsecondary Educ. Expense Bd.* v. *College Sav. Bank*, 527 U.S. 627, 633-334 (1999) (granting certiorari petition to determine availability of sovereign immunity defense in patent infringement suit before remanding for further proceedings).

Third, the question presented is not "broader" than the issues raised by petitioners below. Opp. 16-17. Respondents incorrectly assert (at 16) that "IGT did not argue that 'improper revival' is an available defense *independent* of Section 282." As respondents admit, the Federal Circuit reached that very question, stating that "Section 282 is not the only source of the defenses in the Patent Act" and that "a provision of the Patent Act not falling within the literal scope of section 282 may nevertheless provide a defense of noninfringement or invalidity." Opp. 10-11

(quoting Pet. App. 12a). The Federal Circuit addressed that point because petitioners raised it in their court of appeals brief. See IGT's C.A. Br. 19-20. Moreover, even if petitioners had not raised the issue below, the fact that the court of appeals addressed it makes it subject to this Court's review. See *Lebron* v. *National R.R. Passenger Corp.*, 513 U.S. 374, 379 (1995) ("even if this were a claim not raised by petitioner below, we would ordinarily feel free to address it, since it was addressed by the court below").

Finally, respondents incorrectly argue (at 18) that the petition should be denied because "additional alternative grounds not reached by the Federal Circuit" can sustain the decision below. Petitioners then launch into a substantive argument as to why § 41(a)(7) of the Patent Act supposedly trumps the "unavoidable" delay mandates of §§ 371(d) and 133—an argument rejected by the district court and never reached by the Federal Circuit. If this Court reverses the Federal Circuit's "no defense" holding, the Federal Circuit will then have to address the merits of that defense. If the possibility of such further proceedings prevented certiorari review of the "no defense" holding, this Court would never grant certiorari on reversals of summary judgment where alternative grounds remain pending in the district court. Yet, as described *supra* p. 2, the Court frequently does so.

Moreover, respondents' contention that § 41(a)(7) trumps the "unavoidable" delay mandates in §§ 371(d) and 133 is baseless, as the district court held (Pet. App. 37a-39a). Both the text and enactment date of § 41(a)(7) refute respondents' argument. Section 41 is purely a fee statute, which states in full:

> *Revival fees.* On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, $1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be $110."

35 U.S.C. § 41(a)(7). Thus, by its plain terms, Section 41(a)(7) merely specifies that an applicant must pay one of two fees when petitioning for the revival of a patent application abandoned due to "unintentional" delay. The higher fee applies unless the revival petition is filed under Section 133 or 151, the only two provisions that, prior to the enactment of Section 41(a)(7), specified an "unavoidable" delay standard for revivals of abandoned applications.

Furthermore, Congress enacted the § 371(d) "unavoidable" delay provision in 1984—two years *after* it enacted § 41(a)(7). See Patent Law Amendment Act, Pub. L. 98-622 § 402, 98 Stat. 3383 (Nov. 8, 1984). Respondents' argument, if accepted, would render that later enactment meaningless.

2. Respondents are wrong to deny that statutorily proper revival of an abandoned application is a "condition for patentability" under the Patent Act and thus a defense under § 282(2). They argue (at 26-28), based on *Graham v. John Deere*, 383 U.S. 1 (1966), that novelty, utility, and nonobviousness are the *only* conditions for patentability. Yet, they admit (at 28) that the Federal Circuit has recognized that both "patentable subject matter" and payment of prescribed fees are other such conditions.

Respondents (at 29) try to draw a sharp line between conditions and requirements for patentability. But their first block quote from *Graham* uses the terms interchangeably, first referring to the "conditions prescribed by the laws of the United States" and then to "the two requirements of novelty and utility." Opp. 27, quoting *Graham*, 383 U.S. at 3.

Respondents' contention that only the conditions specified in §§ 101-103 provide an invalidity defense under § 282(2) does not comport with the language of § 282, which expressly provides an invalidity defense "on any ground specified in part II of this title as a condition for patentability." If respondents were right, it presumably would say "specified in sections 101-103." Instead, it broadly contemplates conditions of patentability in other provisions of part II of title 35, including those set forth in § 33.

Giving § 282(2) that plain meaning would not make § 282(3) superfluous, as respondents argue (at 29). Subsection (3) authorizes an invalidity defense for failure to comply with "any requirement of sections 112 or 251." Section 251 applies only to previously-issued patents and thus does *not* prescribe conditions for patentability. And some of the provisions in § 112 are formal drafting requirements, not conditions for patentability, for example the provision stating that "[a] claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed."

3. Respondents are also wrong to deny that the catch-all provision of § 282(4) authorizes a defense of "improper revival." They argue (at 30) that the phrase "shall be regarded as abandonment of the ap-

plication" in § 371(d) is not enough to make failure to show unavoidability an invalidity defense. But they omit the immediately following clause beginning with "unless." Read together, an application that fails to comply with the prescribed deadline "shall" be deemed abandoned "unless it be shown" that "such failure to comply was unavoidable." That language would be meaningless if one could not defend against infringement claims on the ground that an abandoned application was revived without the required showing. In other words, § 282(4) authorizes a defense so long as Congress indicated that parties must comply or face the consequences, as in §§ 371(d) and 133.

Respondents list three Patent Act provisions (§§ 185, 272, and 273) that they say clearly indicate a congressional intent to make a defense. But each uses very different language. Section 185 uses the phrase "shall be invalid"; § 272 uses the phrase "shall not constitute infringement"; and § 273 uses the phrase "defense to infringement." Obviously, then, there are no magic words that indicate whether Congress made a failure to comply with Patent Act provisions a defense. By providing that applications "shall" be abandoned "unless" the applicant shows the abandonment was unavoidable in §§ 371(d) and 133, Congress signified that failure to make that showing constitutes a defense available to infringement defendants. Moreover, if § 282(4) were construed to cover only provisions that expressly authorize a defense, it would be superfluous because those provisions would suffice to establish the defense.

Respondents assert (at 32) that Congress did not intend that the "failure of the PTO to comply with statutory requirements for revival of a patent" would

be a defense to patent infringement. That is a remarkable proposition. It gives the PTO broad license to disregard statutory commands and leaves future infringement defendants no viable means of defending themselves against enforcement of a patent that never should have issued.

4. Respondents deny that §§ 371(d) and 133 independently authorize a defense based on statutorily improper revival of an abandoned patent application. But § 282 says "The following shall be defenses"—not "the only defenses" or even "the defenses." And § 101 provides that all patents are "subject to the conditions and requirements of this title," one of which is revival of abandoned applications under the statutory standard.

Moreover, respondents admit (at 33) that the Federal Circuit has recognized that Patent Act provisions other than § 282 provide invalidity defenses. In particular, in *Quantum*, the Federal Circuit recognized an invalidity defense based on § 305, which bars the broadening of claims during reexamination, even though § 305 contains no language expressly authorizing a defense. If failure to enforce the § 305 mandate is a defense, as *Quantum* holds, there is no reason why failure to enforce the §§ 371(d) and 133 mandates would not be a defense. Respondents (*ibid.*) attempt to distinguish the § 305 defense by contending that §§ 371(d) and 133 address only "ancillary procedural matter." But if Congress deemed application revival standards to be merely ancillary and procedural, it would have left their formulation to the PTO, not inscribed them in the Patent Act itself.

Apparently aware that their distinction from *Quantum* fails, respondents next argue that the Fed-

eral Circuit lacked authority to recognize § 305 as an invalidity defense in *Quantum* and that courts have no authority to recognize an invalidity defense for failure to comply with statutory revival mandates. But that would give the PTO free rein to disregard the "shall-unless" mandates in §§ 371(d) and 133. The issue here is not "policy considerations," as respondents assert (at 34), but rather the plain meaning and purpose of the Patent Act.

**5.** Respondents are unable to rebut the petition's showing that the ruling below will allow holders of invalid patents to suppress innovation by depriving accused infringers of a viable defense.

Respondents contend (at 35) that the issue presented is not "frequently recurring." But reported opinions in at least four recent cases turn on the availability of an improper revival defense. Respondents (at 36 n.5) attempt to distinguish two of those cases as resting on whether the patent holder satisfied the "unintentional" standard, but under the holding below even that defense would have been barred. Furthermore, this issue arises in many cases that do not result in a reported opinion. For example, amici—six of the largest technology companies in the U.S.—state that they "have been the targets of infringement litigation by parties who take advantage of the PTO's practice [of] reviving abandoned applications merely upon a declaration of 'unintentional' delay. Amicus Br. 17.

Amici also raise from experience the substantial problem that non-practicing entities pose to innovative companies.

> Under the decision below, an applicant can file an application, abandon it, and then lie

> in wait to determine whether an industry will later develop valuable products that fall within the application's claims. If no such products emerge, then the applicant has saved the costs of patent prosecution. If valuable products do emerge, then the applicant can revive the application and file suit against companies in that industry immediately following issuance.

Amicus Br. 15. The decision below, which bars the targets of such suits from defending themselves based on §§ 371(d) and 133, simply encourages such harmful conduct.

According to respondents (at 35), the PTO has revived tens of thousands of abandoned patent applications based on a mere assertion (not a showing) of "unintentional" delay. Many of these revivals, in particular those revived under statutory provisions authorizing revival for "unintentional" delay (§§ 122(b)(2)(B)(iii) and 111(a)(4)), were proper, and many others resulted in patents of too little value to enforce. But that still leaves many patents that never should have issued in light of the Patent Act's revival standards. Indeed, a "cottage industry has emerged" of firms that sue on patents "that never should have been issued in the first place." Doug Lichtman & Mark A. Lemley, *Rethinking Patent Law's Presumption of Validity*, 60 Stan. L. Rev. 45, 71 (2007). Should the holders of these statutorily invalid patents be permitted to enforce them against innovative competitors? Should accused infringers be deprived of a defense in the face of such enforcement? Should the PTO continue to issue patents that do not comply with substantive statutory requirements? These are the important issues raised by the

petition, issues going to the very heart of the patent enterprise.

Respondents (at 37-38) attempt to belittle applicant incentives to abandon applications, as described in the Amicus Brief. Yet in *Lawman Armor Corp.* v. *Simon*, 2005 WL 1176973, at *6 (E.D. Mich. 2005), the court found that the patent holder had intentionally abandoned his patent and therefore that the patent was invalid for having been improperly revived. Such intentional abandonments (which amici report are already a problem) would be expected to increase if invalidity defenses are sharply curtailed pursuant to the ruling below.

Respondents (at 37-38) argue against any need for an improper revival defense because the PTO is a sufficient watchdog and infringement defendants can claim inequitable conduct. But as the district court explained (Pet. App. 32a-37a), the PTO's governing regulation directly conflicts with the statutory mandates in §§ 371(d) and 133 by authorizing the revival of *any* abandoned application based on a mere assertion of unintentional delay. The PTO has thereby shown itself an unreliable watchdog.

That should be no surprise given the agency's 750,000 application backlog. See Pet. 20. Several hundred thousand patent applications are filed every year, requiring analysis of voluminous documentation to which examiners are able to devote only 16-17 hours per application, resulting in the issuance of too many "bad patents." Lichtman & Lemley, *supra*, at 53. "[B]ad patents are a tax on legitimate business activity, including the legitimate use of patents that were fairly earned." *Id.* at 71.

In addition, the PTO garners substantial fees by not adhering to the statutory standards. The PTO charges over $1000 less to revive an abandoned application under the "unavoidable" standard than under the "unintentional" standard. Compare 37 C.F.R. § 1.17(*l*) with 37 C.F.R. § 1.17(m). And allowing revival based on "unintentional" delay results in many more revival petitions than if "unavoidable" delay had to be shown as the Act provides. More petitions and higher fees may give the PTO a substantial incentive to disregard the proper statutory standard.

As for inequitable conduct, the already severe burden (requiring clear and convincing evidence of a material intent to deceive the PTO[1]) is even steeper when the party asserting such a defense was not involved in the PTO proceeding but is rather a third-party infringement defendant (often years after the PTO proceeding ended). See Amicus Br. 17. Because applications are generally kept confidential for at least 18 months after filing (see 35 U.S.C. § 122(b)), the PTO proceeding is largely "a confidential conversation between applicant and examiner." Lichtman & Lemley, *supra*, at 47. "Adversaries are not welcome in the process." *Id.* at 54-55. Moreover, competitors cannot possibly monitor pending applications (some 100,000 patents issue every year in the information technology sector alone), and future competitors may "not even exist at the time of patent review, let alone realize the need to fight the application or have the resources to do so." *Id.* at 55.

In short, the only viable way for competitors to prevent enforcement of a statutorily invalid patent is

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[1] See *Kingsdown Med. Consultants Ltd.* v. *Hollister Inc.*, 863 F.2d 867, 872 (Fed. Cir. 1988) (en banc).

to assert an invalidity defense in the infringement proceeding. The ruling below removes a critical invalidity defense and thereby violates the Patent Act and weakens Congress's intent to protect and foster innovation.

## CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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# Supreme Court of the United States

INTERNATIONAL GAME TECHNOLOGY AND IGT,
*Petitioners*,

*v.*

ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED AND ARISTOCRAT TECHNOLOGIES, INC.,
*Respondents*.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

## BRIEF FOR CISCO SYSTEMS, INC., DELL INC., GOOGLE INC., MICROSOFT CORPORATION, NETGEAR, INC., AND SAP AMERICA, INC. AS *AMICI CURIAE* IN SUPPORT OF PETITIONERS

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## QUESTION PRESENTED

Whether a patent infringement defendant may assert as a defense the fact that the patent resulted from an abandoned application that was not revived according to the requirements prescribed by Congress.

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IN THE

# Supreme Court of the United States

No. 08-1051

INTERNATIONAL GAME TECHNOLOGY AND IGT,
*Petitioners,*

*v.*

ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED AND ARISTOCRAT TECHNOLOGIES, INC.,
*Respondents.*

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

## BRIEF FOR CISCO SYSTEMS, INC., DELL INC., GOOGLE INC., MICROSOFT CORPORATION, NETGEAR, INC., AND SAP AMERICA, INC. AS *AMICI CURIAE* IN SUPPORT OF PETITIONERS

### INTEREST OF THE *AMICI CURIAE*[1]

*Amici* are leading businesses in the information technology, software, networking, computer, and Internet industries. *Amici* hold thousands of patents that have been prosecuted in compliance with the Pat-

[1] No counsel for any party authored this brief in whole or in part, and no persons or entities, other than *amici*, their members, or their counsel, made a monetary contribution to the preparation or submission of this brief. Counsel of record for each party received timely notice of intent to file this brief. Letters from the parties consenting to the filing of this brief are on file with the Clerk.

ent Act, 35 U.S.C. §§ 101 *et seq.* *Amici* are also frequent targets of infringement lawsuits based on patents of questionable validity, including patents resulting from applications that were abandoned and later "revived." *Amici* have a strong interest in ensuring that patent monopolies are not extended beyond the limits that Congress has prescribed and that abandoned applications are not used to stifle legitimate competition and innovation.

*Amici* support the arguments made in the petition for certiorari. In this brief, *amici* present additional reasons why the Federal Circuit's decision conflicts with the plain language of the Patent Act, the decisions of this Court, and the salutary purposes of the patent system.

## SUMMARY OF THE ARGUMENT

Congress's authority to impose limits on patent rights is unquestioned, and "[n]o court can disregard any statutory provisions in respect to [patent] matters on the ground that in its judgment they are unwise or prejudicial to the interests of the public." *United States* v. *American Bell Tel. Co.*, 167 U.S. 224, 247 (1897). The Constitution grants Congress plenary power over matters of patent law. In light of this express authority and of Congress's superior ability to make patent policy in response to changing industrial circumstances, the federal courts must adhere to Congress's policy judgments as implemented in the patent law. In this case, the Federal Circuit disregarded Congress's limitations on the patent monopoly instead of applying them. If left unchecked, that decision will exacerbate the already serious problem of costly infringement litigation against U.S. industry based on patents that should never have issued.

Congress has long required patent applicants to prosecute their applications diligently. That requirement is implemented through statutory deadlines that, if not met, lead to abandonment of the application, which cannot be cured except (as relevant here) if the applicant proves that the delay was "unavoidable." 35 U.S.C. §§ 133, 371(d). Here, the district court found that Respondents abandoned their application and failed to meet the statutory standard for revival. The Federal Circuit overlooked those violations because, it held, an infringement defendant cannot challenge the patent-in-suit due to abandonment and improper revival.

The Federal Circuit's decision dismissed Congress's deadlines as "minor" and "procedural." Pet. App. 11a. But as this Court has held, prosecution deadlines and revival standards reflect Congress's judgment regarding the level of diligence required of parties who pursue a patent monopoly. The Federal Circuit's decision improperly expands that monopoly.

The decision also untenably exalts *judicial* assessments over *Congress's* determination of what constitutes undue delay in patent prosecution. The judicial doctrine of "prosecution laches" allows invalidation of a patent-in-suit if the court believes that the applicant engaged in an unreasonable delay. There is no reason to forbid a similar defense where Congress, rather than a court, has determined that the applicant's delay was unreasonable and unjustifiable.

The Federal Circuit based its decision on the assertion that it could "discern" no "legitimate incentive" for an applicant to seek unlawful revival of an abandoned application. Pet. App. 13a. But the court's inability to "discern" incentives is no basis for second-guessing

Congress's judgment. The court ignored significant *illegitimate* incentives for a party to abandon an application and then, to further its financial interests, reviving it by circumventing the requirements of the Act and using the resulting patent to sue industries that have matured since the original application was abandoned. The Federal Circuit's decision will encourage applicants to manipulate the system and will deprive infringement defendants of a necessary defense against improperly issued patents, thereby hampering innovation and competition.

Hundreds of patents issue each year from abandoned applications that are later revived under a standard that, as the district court held, violates the Patent Act. The Federal Circuit's decision condones such violations by placing them beyond correction. The decision may also imperil other infringement defenses for which the Federal Circuit might not "discern" sufficient policy justification. The Court should grant certiorari and reverse the judgment below.

## ARGUMENT

### I. THE FEDERAL CIRCUIT'S DECISION IS CONTRARY TO THE PATENT ACT

Innovative technology companies too often face infringement suits based on patents that, under the plain language of the Patent Act, should never have issued. The Federal Circuit's ruling allows such lawsuits to proceed, to the significant detriment of progress and innovation and contrary to Congress's express limitations on the patent monopoly. The Court should grant certiorari and reaffirm that Congress's policy judgments, as reflected in the statutory abandonment and revival provisions, are to be given effect, not disregarded by courts.

### A. The Federal Circuit Disregarded Congress's Requirement Of Diligence In Prosecution

Where Congress has spoken on matters of patent law, courts must implement Congress's policy judgment, not their own. The power of Congress to legislate in patent matters is limited only by the terms of the Constitution. *McClurg* v. *Kingsland*, 42 U.S. (1 How.) 202, 206 (1843). "Within the limits of the constitutional grant, the Congress may, of course, implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional aim." *Graham* v. *John Deere Co.*, 383 U.S. 1, 6 (1966).

In making patent policy, "[C]ongress may provide such instrumentalities in respect of securing to inventors the exclusive right to their discoveries as in its judgment will be best calculated to effect that object." *United States ex rel. Bernardin* v. *Duell*, 172 U.S. 576, 583 (1899). As this Court has repeatedly acknowledged, Congress is best situated to effect the "difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand." *Sony Corp. of Am.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984); *see also Parker* v. *Flook*, 437 U.S. 584, 595 (1978) ("Difficult questions of policy concerning the kinds of programs that may be appropriate for patent protection and the form and duration of such protection can be answered by Congress on the basis of current empirical data not equally available to this tribunal."). Accordingly, this Court has held, "policy arguments" in the area of patent law are "best addressed to Congress, not this Court." *Warner-Jenkinson Co.* v. *Hilton Davis*

*Chemical Co.*, 520 U.S. 17, 28 (1997); *see also In re Fisher*, 421 F.3d 1365, 1378 (Fed. Cir. 2005) (dismissing arguments as "public policy considerations which are more appropriately directed to Congress as the legislative branch of government"). The courts' role is limited to "giv[ing] effect to the constitutional standard by appropriate application, in each case, of the statutory scheme of the Congress." *Graham*, 383 U.S. at 6.

The Federal Circuit disregarded Congress's command, made plain in 35 U.S.C. §§ 133 and 371(d), that parties seeking to obtain a patent exercise diligence in prosecuting applications. The Federal Circuit held that applicants who clearly—and even deliberately—abandoned their applications, yet later procured their revival in violation of the statute, not only would obtain patents but would have their violations overlooked in later infringement litigation. The Federal Circuit's decision improperly expands the patent monopoly.

Congress has long required an applicant to meet specific deadlines in order to earn a patent. In 1870, Congress provided that, if an applicant failed to prosecute its application within two years of any Patent Office action, the application "shall be regarded as abandoned ... unless shown to the satisfaction of the commissioner that such delay was unavoidable." Patent Act of 1870, § 32, 16 Stat. 198, 202. Congress reduced the response period to one year in 1897 and to six months in 1927. *See Overland Motor Co.* v. *Packard Motor Car Co.*, 274 U.S. 417, 422-423 (1927) (discussing the Act's history).

The modern Act retains this requirement: an applicant must "prosecute the application within six months after any action therein," or else the application will be "regarded as abandoned ... unless it be shown to the

satisfaction of the Director that such delay was unavoidable." 35 U.S.C. § 133. Congress adopted a similar provision—also applicable here—for applications pursuant to the Patent Cooperation Treaty, requiring that certain steps (including payment of a "national stage fee") be taken "by the date of commencement of the national stage" and that failure to comply "shall be regarded as abandonment of the application ... unless it be shown to the satisfaction of the Director that such delay was unavoidable." *Id.* § 371(d).

As this Court has observed, Congress's determination that applications not prosecuted within specified time periods are deemed abandoned, as well as the limited situations in which abandoned applications may be revived, "show[] the intention of Congress to require diligence in prosecuting the claims to an exclusive [patent] right." *Woodbury Patent Planing-Mach. Co.* v. *Keith*, 101 U.S. 479, 485 (1879). Section 133 and related sections fix "the measure of reasonable promptness" in patent prosecution. *Overland Motor*, 274 U.S. at 424. An applicant must accordingly be "vigilant and active in complying with the statutory conditions." *Woodbury*, 101 U.S. at 485.

In this infringement action, the district court held that Respondents failed to comply with the deadlines in Sections 133 and 371(d). Pet. App. 49a-54a. Although the Patent and Trademark Office (PTO) purported to "revive" the application, the district court held that the revival violated the Patent Act, because the PTO had not required Respondents to show that their delay was "unavoidable"; instead, the PTO allowed revival based merely on Respondents' declaration that the delay was "unintentional." *Id.* at 54a (citing 35 U.S.C. §§ 133, 371(d)). The Federal Circuit did not disturb the district

court's conclusion that the PTO's revival of the application was an abuse of discretion.[2]

Instead, the Federal Circuit held that, even assuming that the application was abandoned and not lawfully revivable, Respondents' failure to comply with Sections 133 and 371(d) was of no consequence because "improper revival may not be asserted as a defense in an action involving the validity or infringement of a patent." Pet. App. 10a. In so ruling, the Federal Circuit referenced the risk that "any prosecution irregularity or procedural lapse, however minor," could become a basis for an invalidity argument. *Id.* at 11a.

The Federal Circuit erred in its apparent belief that Congress's deadlines for patent prosecution and standards for revival are "minor" issues that courts may freely disregard. Whether characterized as "procedural" or not, Sections 133 and 371(d) implement Congress's judgment as to what "measure of reasonable promptness" is required of parties who pursue a patent monopoly. *Overland Motor*, 274 U.S. at 424. As this Court has stated, that subject matter is "entirely within the control of Congress" (*id.* at 423), and "[n]o court can disregard any statutory provisions in respect to these matters on the ground that in its judgment they are unwise or prejudicial to the interests of the

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[2] Because the Federal Circuit did not address the PTO's decision to revive the patent application even though the delay was not shown to be "unavoidable," *amici* do not address the issue. We note, however, that the district court's conclusion that the PTO abused its discretion in applying an "unintentional" standard for revival is consistent with both the plain language of Sections 133 and 371(d) and Congress's decision to leave the "unavoidable" standard unchanged since 1870. *See* Pet. App. 32a-41a.

public" (*United States* v. *American Bell Telephone Co.*, 167 U.S. 224, 247 (1897)). At least four district courts have recognized that an infringement defendant may assert abandonment and improper revival as a defense.[3]

The Federal Circuit's decision produces the untenable result that a defendant may rely on a *court's* judgment that an applicant's delay in prosecution was excessive, but not on *Congress's* judgment as expressed in the statute. Both this Court and the Federal Circuit have recognized that an infringement defendant may assert that the patent-in-suit is unenforceable because the applicant inexcusably delayed in prosecution, even if the applicant *complied* with all statutory requirements. This defense, known as "prosecution laches," is directed to "an abuse of statutory provisions that results, as a matter of equity, in 'an unreasonable and unexplained delay in prosecution.' " Pet. App. 10a-11a n. 4 (quoting *Symbol Techs., Inc.* v. *Lemelson Med., Educ. & Research Found.*, 422 F.3d 1378, 1385 (Fed. Cir. 2005)).[4]

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[3] *See* Pet. App. 54a; *New York Univ.* v. *Autodesk, Inc.*, 466 F. Supp. 2d 563, 565 (S.D.N.Y. 2006); *Lawman Armor Corp.* v. *Simon*, No. 04-CV-72260, 2005 WL 1176973, at *6 (E.D. Mich. Mar. 29, 2005); *Field Hybrids, LLC* v. *Toyota Motor Corp.*, No. CIV. 03-4121, 2005 WL 189710, at *5 (D. Minn. Jan. 27, 2005).

[4] *See also Overland Motor*, 274 U.S. at 424 (recognizing defense of "abandonment by laches" in an infringement case); *Webster Elec. Co.* v. *Splitdorf Elec. Co.*, 264 U.S. 463, 465 (1924) (holding a patent invalid because of "unreasonable delay and neglect on the part of the applicant and his assignee"); *Woodbridge* v. *United States*, 263 U.S. 50, 55 (1923) (affirming judgment that applicant "forfeited or abandoned his right to a patent by his delay and laches."); *Mahn* v. *Harwood*, 112 U.S. 354, 362 (1884) (where the

There is no basis for recognizing a laches defense based on judicial notions of "unreasonable and unexplained delay" in prosecution, yet barring a defense based on statutory provisions directed to the same concern. Such a situation would promote judicial determinations of unreasonable delay over Congress's own. *A fortiori*, a party must be able to assert noncompliance with the abandonment and revival statutes as a defense in an infringement suit.

The Federal Circuit's decision is particularly problematic because it forbids defendants from arguing that a revival was improper even if the applicant *deliberately* abandoned the application. Revival following intentional abandonment is hardly unlikely, given that the PTO permits revival merely upon a declaration that the delay was "unintentional," without requiring applicants to provide any information or evidence supporting the declaration except in the rare situation that the PTO notices "a question whether the delay was unintentional." PTO, *Manual of Patent Examining Procedure* § 711.02 (2008) ("MPEP"). Accordingly, the Federal Circuit's decision allows unscrupulous applicants to abandon applications intentionally without consequence. Prosecution laches provides a defense in just that circumstance; indeed, it is available even when the delay is *not* intentional. *See Symbol*, 422 F.3d at 1382.

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holder of a reissue patent has engaged in laches, "he loses all right to a reissue . . . and the court, seeing this, has a right, and it is its duty, to declare the reissue *pro tanto* void, *in any suit founded upon it*" (second emphasis added)); *see also Pratt & Whitney Co. v. United States*, 345 F.2d 838, 844 (Ct. Cl. 1965) (holding patent claims "invalid due to laches").

There is no reason to bar an analogous defense based on the statute itself.[5]

### B. The Federal Circuit's Statement That Applicants Lacked Any Incentive To Violate The Abandonment And Revival Provisions Was Both Inapposite And Incorrect

The Federal Circuit appeared to hold that an infringement defendant may only assert an applicant's statutory violations if the court can "discern" any "legitimate incentive" for a patent applicant to disobey the statutory provisions at issue. Pet. App. 13a. The court's own discernment of an applicant's incentive is not a proper basis for excusing statutory violations. And even if it were, the Federal Circuit overlooked the significant incentives for applicants to manipulate the patent system to the disadvantage of the public and of competitors acting in good faith.

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[5] Because a patent's term formerly ran from the date of issuance, this Court's early prosecution laches cases expressed a concern that the applicant, by delaying prosecution, delayed the beginning of its monopoly period. *See, e.g.*, *Woodbridge*, 263 U.S. at 56. This concern does not arise under the modern Patent Act, because a patent's duration generally begins to run from the date the application is filed. *See* Pet. App. 13a. But the Federal Circuit's reaffirmation of prosecution laches in *Symbol* confirms that the change in patent term does not remove the importance of "diligence in prosecuting the claims to an exclusive right." *Woodbury*, 101 U.S. at 485. As discussed in Part I.B below, there are many good reasons why Congress has maintained the Act's strict abandonment deadlines and limited revival standards. Moreover, it is not for the PTO or the Federal Circuit to decide that delays in patent prosecution may be excused on grounds other than those specified by the legislature. Now, as before, "the matter is entirely within the control of Congress." *Overland Motor*, 274 U.S. at 423.

### 1. The Federal Circuit should not excuse statutory violations based only on its inability to "discern" an "incentive" for noncompliance

The Federal Circuit devoted much of its opinion to its conclusion that noncompliance with Sections 133 and 371(d) did not fall within the infringement defenses enumerated in 35 U.S.C. § 282. Pet. App. 6a-13a. That inquiry did not end the matter because—as the court acknowledged—the list of defenses in Section 282 is not exhaustive. *See id.* at 12a; *Quantum Corp.* v. *Rodime, PLC*, 65 F.3d 1577, 1583 (Fed. Cir. 1995) ("Section 282 does not state that the list of invalidity defenses contained therein are the only ones available; the statute merely says '[t]he following shall be defenses.' The express words of section 282 therefore allow for the existence of other invalidity defenses."). Indeed, the Federal Circuit has recognized that infringement defendants may assert as a defense the violation of statutes and rules not listed in Section 282.[6]

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[6] In *Quantum*, the Federal Circuit allowed an infringement defendant to assert invalidity because the patentee expanded the scope of its claims during reexamination contrary to 35 U.S.C. § 305, even though "section 282 does not specifically mention section 305 as an invalidity defense in a patent infringement suit." 65 F.3d at 1583; *see also Thermalloy, Inc.* v. *Aavid Eng'g, Inc.*, 121 F.3d 691, 694 (Fed. Cir. 1997); *Creo Prods., Inc.* v. *Presstek, Inc.*, 166 F. Supp. 2d 944, 963-964 (D. Del. 2001), *aff'd*, 305 F.3d 1337 (Fed. Cir. 2002); *Giese* v. *Pierce Chem. Co.*, 43 F. Supp. 2d 98, 102-103 (D. Mass. 1999). And in *Dethmers Manufacturing Co.* v. *Automatic Equipment Manufacturing Co.*, 272 F.3d 1365, 1370 (Fed. Cir. 2001), the court confirmed that infringement defendants may argue invalidity based on a patentee's failure to comply with 37 C.F.R. § 1.175, which requires a patentee to submit a reissue declaration specifying each difference between the original and reissue claims, but which is not listed as a defense in Section 282. *See also Nupla Corp.* v. *IXL Mfg. Co.*, 114 F.3d 191, 194 (Fed. Cir.

The court's contrary decision regarding Sections 133 and 371(d) rested largely on its statement that "we discern no legitimate incentive for a patent applicant to intentionally abandon its application, much less to attempt to persuade the PTO to improperly revive it." Pet. App. 13a. Accordingly, the Federal Circuit appeared to conclude that a defendant's ability to assert that the applicant violated the Patent Act turned not on anything *Congress* provided, but rather on *the court's* assessment of the need for recognizing the defense, including whether the court "discern[ed]" that applicants had a "legitimate incentive" to violate the asserted statutory provisions.

With all due respect to the Federal Circuit, its inability to identify a reason why a patent applicant might intentionally not comply with Sections 133 and 371(d) is not a basis to deny an infringement defendant the opportunity to raise such a violation as a defense. Congress's abandonment and revival standards are binding on courts and parties alike, and noncompliance with them should lead a court to declare the patent invalid "in any suit founded upon it." *Mahn* v. *Harwood*, 112 U.S. 354, 362 (1884); *cf. Day-Brite Lighting Inc.* v. *Missouri*, 342 U.S. 421, 423 (1952) (court does "not sit

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1997). Likewise, the Federal Circuit has recognized "nonobviousness-type double patenting"—also known as "nonstatutory double patenting"—as a defense to infringement. *See, e.g., Pfizer, Inc.* v. *Teva Pharms. USA, Inc.*, 518 F.3d 1353, 1363 (Fed. Cir. 2008); *In re Metoprolol Succinate Patent Litig.*, 494 F.3d 1011, 1019-1020 (Fed. Cir. 2007). As the court explained in 1985, nonstatutory double patenting "is a judicially created doctrine grounded in public policy (a policy reflected in the patent statute) rather than based purely on the precise terms of the statute." *In re Longi*, 759 F.2d 887, 892 (Fed. Cir. 1985).

as a superlegislature to weigh the wisdom of legislation nor to decide whether the policy which it expresses offends the public welfare").

Patents provide an exceptional monopoly power under U.S. law, and there is every reason to construe Congress's limits on that power strictly. It is not for the Federal Circuit, nor any other court, to determine that some of Congress's limitations may simply be disregarded without consequence. *See Webster Elec. Co. v. Splitdorf Elec. Co.*, 264 U.S. 463, 466 (1924) (noting that it is "important that the law shall not be so loosely construed and enforced as to subvert its limitations, and bring about an undue extension of the patent monopoly against private and public rights").

### 2. Applicants have substantial incentives to manipulate the system

Even if it were proper for the Federal Circuit to assess the applicant's "incentive" for circumventing the abandonment and revival provisions, the Federal Circuit's assessment of that incentive was mistaken. The PTO maintains a practice of reviving applications if the applicant declares that the delay was "unintentional"—a relaxed standard that the district court found was contrary to Sections 133 and 371(d), which require "unavoidable" delay. While there may be "no legitimate incentive" to abandon an application and then seek to revive it under the PTO's lax "unintentional" standard (Pet. App. 13a), there are plenty of *illegitimate* motivations that will lead applicants to manipulate the patent system for their own financial gain and to the detriment of the public interest and fair competition.

Prosecuting a patent application can be costly and time-consuming, with no guarantee that the resulting patent will ever prove valuable. Abandoning the appli-

cation with the possibility of revival, however, is essentially costless. Under the decision below, an applicant can file an application, abandon it, and then lie in wait to determine whether an industry will later develop valuable products that fall within the application's claims. If no such products emerge, then the applicant has saved the costs of patent prosecution. If valuable products do emerge, then the applicant can revive the application and file suit against companies in that industry immediately following issuance. Those companies will then be forced to spend resources litigating a patent that, if Sections 133 and 371(d) were properly enforced, would be valueless.[7]

Defending a patent case—even a meritless one—can cost millions of dollars that would otherwise be used to fund research and development (R&D) and create jobs. Instead of developing and marketing innovative products, engineers must spend time evaluating asserted patents, sitting for depositions, and testifying in distant jurisdictions. *See* Federal Trade Comm'n, *To Promote Innovation: The Proper Balance of Competi-*

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[7] This scenario mirrors the well-known phenomenon of submarine patents. Such patents "remain 'submerged' during a long *ex parte* examination process and then 'surface' upon the grant of the patent," allowing the patentee to "demand high royalties from non-patent holders who invested and used the technology not knowing that patent would later be granted." *DiscoVision Assocs. v. Disc Mfg., Inc.*, 42 U.S.P.Q.2d 1749, 1756 n.11 (D. Del. 1997). Submarine patents have resulted in the payment of millions of dollars in royalties by innocent infringers. *See, e.g.*, 144 Cong. Rec. S8377, S8379 (daily ed. July 16, 1998) (Sen. Leahy) (reporting that Hewlett-Packard paid millions of dollars in royalties to submarine patentee); 143 Cong. Rec. H1629, H1642 (daily ed. Apr. 17, 1997) (Rep. Conyers) (describing $70 million payment for rights under patent that surfaced after twenty years).

*tion and Patent Law and Policy*, ch. 3, at 2 (2004) (describing the "costly nature of litigation to invalidate patents, both in terms of dollars and resources diverted from R&D"). This risk is particularly acute in fast-paced industries characterized by "rapid innovation." Lemley, *An Empirical Study of the Twenty-Year Patent Term*, 22 AIPLA Q.J. 369, 378 (1994).

These are not theoretical concerns, but real threats that companies face today from opportunistic entities who have no interest in practicing their patents. *See, e.g.*, *eBay Inc.* v. *MercExchange, LLC*, 547 U.S. 388, 396 (2006) (Kennedy, J., concurring) ("An industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees."). Under the Federal Circuit's rule, non-practicing entities will continue to acquire abandoned patent applications, revive them under the PTO's unlawfully lenient standard, and launch infringement suits against companies developing products for the U.S. market.

Non-practicing entities are not troubled by a reduction in the exclusivity period caused by delayed patent prosecution; the benefit of holding the product market hostage and extracting a damages award or settlement in the near term more than compensates. Indeed, patents that issue after an extended prosecution period give rise to proportionately more litigation because there is a ready-made population of possible infringers, whose products and services were developed and commercialized while the application was abandoned. *See* Miller, *Undue Delay in the Prosecution of Patent Applications*, 74 J. Pat. & Trademark Off. Soc'y 729, 729-736 (1992). This Court has long recognized the risk of opportunistic patentees using the patent system for their own gain and to the detriment

of advancement. *See Atlantic Works* v. *Brady*, 107 U.S. 192, 200 (1883) (noting that the "design" of patent laws is thwarted by upholding patents in circumstances that would tend to "create[] a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the art. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.").

*Amici*, like many innovative companies, have been the targets of infringement litigation by parties who take advantage of the PTO's practice (held unlawful by the district court below) of reviving abandoned applications merely upon a declaration of "unintentional" delay. However, under the Federal Circuit's decision, defendants are unfairly barred from asserting the plaintiff's abandonment as a defense. The only recourse is an inequitable conduct claim, which will succeed only if the defendant can prove, by clear and convincing evidence, that the applicant "made an affirmative misrepresentation of material fact, failed to disclose material information, or submitted false material information" and "intended to deceive the [PTO]." *Cargill, Inc.* v. *Canbra Foods, Ltd.*, 476 F.3d 1359, 1363 (Fed. Cir. 2007). Innocent third parties should not be forced to prove inequitable conduct when the applicant's failure to exercise the diligence required by Congress is evident by recourse to objective facts. Rather, once the defendant establishes abandonment, the burden should be on the patentholder to establish that the revival met the statutory standard. *Cf.* Long, *Information Costs in*

*Patent and Copyright*, 90 Va. L. Rev. 465, 468 (2004) ("Intellectual property owners, for their part, will know more about their intellectual goods than will nonowners.").[8]

In addition to encouraging noncompliance with statutory requirements, the Federal Circuit's rule impedes progress and competition by making it impossible for a company seeking to develop a product to know whether it may proceed in safety. Under the scheme Congress crafted, companies should be able to determine, by monitoring the status of published patent applications in the relevant field, whether an application has been abandoned and whether the application is unrevivable or revivable only for "unavoidable" delay. In that circumstance, a company could rely on that fact in deciding whether to proceed with product development.

The Federal Circuit's decision upsets that reliance. It permits the PTO to revive applications contrary to statute and bars any effort by a company to challenge that action in a later infringement suit. As a result, responsible patent counsel might be unable to "green light" a new product arguably covered by an abandoned

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[8] As noted above, the PTO will only require supporting information or evidence if "there is a question whether the delay was unintentional." MPEP § 711.02. As a result, the prosecution history will typically not contain any records that an accused infringer might use to support allegations of inequitable conduct stemming from prosecution delay. In this case, for example, Respondents provided no evidence explaining why they did not file the national stage fee or the revival petition on time. Pet. App. 24a-25a. Obtaining such evidence in discovery is no doubt the exception, not the rule. *See Brasseler, U.S.A. I, L.P.* v. *Stryker Sales Corp.*, 267 F.3d 1370, 1377 (Fed. Cir. 2001).

application, because the risk would always remain that the applicant could obtain a "revival" that could never be challenged. *See, e.g.*, Bessen & Meurer, *Patent Failure* 8 (2008) ("The expected costs of inadvertent infringement imposes a *dis*incentive on technology investors. Potential innovators consider not only the reward that they might reap from owning patents, but also the risk of being sued for infringing upon the patents of others. Clearly, if the risk of inadvertent infringement is too great, the net incentives provided by the patent system will be negative, and patents will fail as a property system."); Long, *supra*, 90 Va. L. Rev. at 468 (developers should have "at least enough information to determine where the boundaries or protection lie so as to fulfill their legal duties of avoiding infringement"); *Symbol*, 422 F.3d at 1386 (holding patent unenforceable for prosecution laches due to "the adverse effect on businesses that were unable to determine what was patented from what was not patented").

Likewise, the inability of businesses to rely on publicly available information precludes the ability to "design around" a patent, which the Federal Circuit has long recognized as one of the engines of innovation. *See Slimfold Mfg. Co.* v. *Kinkead Indus., Inc.*, 932 F.2d 1453, 1457 (Fed. Cir. 1991) ("Designing around patents is, in fact, one of the ways in which the patent system works to the advantage of the public in promoting progress in the useful arts, its constitutional purpose."). If a patent application has been abandoned but may be freely revived, companies cannot predict whether the claims in any ultimately issued patent might remain in the same form or might be modified or broadened. Designing around in such a situation is very difficult. *See* Bessen & Meurer, *supra*, at 14 ("Since infringement lawsuits are usually filed against firms exploiting new

technologies, development of a new technology exposes the innovator to risk of inadvertent infringement if patent boundaries are hidden, unclear or unpredictable.").

The Federal Circuit expressed concern that defendants would raise "every minor transgression they could comb from the file wrapper." Pet. App. 11a. Leaving aside the unsupported characterization of Sections 133 and 371(d) as "minor," the mere fact that a defense might be abused in some cases is not a reason to foreclose the defense altogether. In many cases—including, as the district court found, in this case—the defense will be meritorious. If the Federal Circuit's concern materializes, Congress can always amend the statute to ease the standard for overcoming abandonment. Until it does so, however, the courts should enforce Congress's limitations on the patent right as they stand. *See, e.g., Monroe* v. *Standard Oil Co.*, 452 U.S. 549, 565 (1981) ("If Congress desires to amend [the law], it is free to do so. But we must deal with the law as it is.").

## II. This Case Is Of Significant National Importance

The implications of the Federal Circuit's decision are not limited to cases involving abandonment and improper revival. The Federal Circuit has recognized several other infringement defenses not falling within 35 U.S.C. § 282. *See supra* note 6. The decision below puts such defenses in question, as their continuing availability now turns on the Federal Circuit's discernment of any "legitimate incentive" for a patent applicant to flout Congress's express commands.

Moreover, this case presents an issue that could potentially affect numerous existing and future patents.

At least four districts have addressed this issue since 2005, each finding a patent invalid due to failure to comply with Congress's abandonment and revival provisions. *See supra* note 3.

The PTO itself has recognized the importance of this case. The Director of the PTO filed an *amicus* brief in the Federal Circuit, which is a rare occurrence: according to the PTO website, the Director has not filed an *amicus* brief in any other Federal Circuit case in the last three years.[9] The Director stated that approximately 73,000 abandoned patent applications had been revived under the "unintentional" standard in the past 25 years, with about 56% of those issuing as patents. PTO Amicus CA Br. 2. This does not include "patents that claim priority to an application revived under this standard." *Id.* On average, therefore, at least 1600 patents issue each year as a result of abandoned applications that the PTO later revives as "unintentionally" abandoned. While not all such revivals will be contrary to the statute,[10] the application of the PTO's unlawful policy in even a fraction of those cases creates significant risks that U.S. industry is being targeted under patents that should never have issued. *See id.* (stating that "the number of potentially affected patents is quite large").

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[9] *See* http://des.uspto.gov/Foia/DispatchABServlet?courtID=%7EU.S.+Court+of+Appeals+for+the+Federal+Circuit&fiscalYear=&caseNo=&title=&docTextSearch=&page=60.

[10] Some of the revivals might fall under provisions that allow revival for merely "unintentional" delay. *See, e.g.*, 35 U.S.C. §§ 111(a)4, (b)(3)(C), 122(b)(2)(B)(iii). Some might also have met the statutory "unavoidable" standard, had the PTO applied it.

The fact that a large number of patents may be the product of erroneous revival is not a reason for this Court to avoid addressing the question presented, which is whether the defense is cognizable at all. Not all revived patents would necessarily become vulnerable as a result. Many will not even be asserted in infringement litigation. To the extent Congress perceives that enforcing its statutory requirements produces undesirable results, it has ample tools at its disposal to take appropriate action.

Notably, the PTO did not support the Federal Circuit's holding that noncompliance with abandonment and revival provisions could not be raised as a defense at all. The PTO took no position on that issue, arguing only that its expansion of the possible grounds for revival of an abandoned patent application—from "unavoidable" delay to "unintentional" delay—was a permissible interpretation of the statute. *See* PTO Amicus CA Br. at Part VI.A. As noted above, the Court must presume—as the Federal Circuit did—that the statute forecloses the PTO's interpretation. On that basis, the Court should grant certiorari and reverse the judgment of the Federal Circuit.

## CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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